



Prime Minister Brian Mulroney aimed a kick at a balloon during his victory celebration.

Mulroney to Act Quickly on Pact

Voters Endorsed Free Trade With U.S., He Maintains

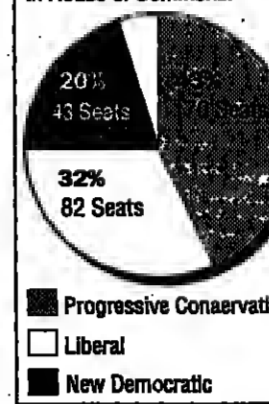
OTTAWA — Prime Minister Brian Mulroney, savoring success in national elections, said Tuesday that he would call the Parliament back into session in early December to enact Canada's free trade agreement with the United States.

George Bush on Tuesday and that they planned to meet before Mr. Bush's inauguration in Washington on Jan. 20.

33 seats, topped its previous best mark of 30, which it won in 1984. In the popular vote, the Conservatives won 43 percent, the Liberals 32 percent and the New Democrats 20 percent.

Canadian Election Results

Percentage of popular vote and number of seats won in House of Commons.



Pretoria Approves Pullout

Botha Expects Signing of Pact On Namibia Soon

By William Claiborne

JOHANNESBURG — The South African government approved on Tuesday a historic regional peace plan for southwestern Africa already accepted by Angola and Cuba, that is to lead to the withdrawal of 50,000 Cuban troops from Angola, which has been occupied by South Africa for 17 years.

Bush-Tower Deal Is Seen for Pentagon

By Bernard Weinraub

WASHINGTON — President-elect George Bush plans to appoint former Senator John G. Tower of Texas as defense secretary on condition that Mr. Tower accept a strong manager from outside the Pentagon as his No. 2, according to Bush transition aides.

Bush's designated secretary of state, the Bush aides said Monday.

Mr. Tower, 63, a former chairman of the Senate Armed Services Committee who served in Congress for 24 years, was a senior adviser on military issues to Mr. Bush in the presidential campaign.

Following the appointment of Richard G. Darman to head the Office of Management and Budget, Mr. Bush is expected to name Michael J. Boskin, a Stanford University professor, as the chairman of the Council of Economic Advisers.

New Clashes In Azerbaijan

MOSCOW (Reuters) — The Armenian parliament adjourned abruptly Tuesday amid reports of a fresh outbreak of ethnic tension over the disputed Nagorno-Karabakh Autonomous Region, which has a mainly Armenian population but is under the authority of the Azerbaijan Republic.

U.S. Economy Keeps Rolling Along Despite Jittery Markets

By Louis Uchitelle

NEW YORK — With the latest plunge in the dollar and the drop in U.S. stock prices, one might think that the financial markets were reacting to dangerous or disastrous developments in the economy. That is not the case.

to change this assessment," said Albert T. Sommers, a senior economist at the Conference Board, a business organization.

Indeed, most of the economic news in recent days would have been regarded as good.

wanted and expected and yet the stock market collapsed," said Stephen S. Roach, senior economist at Morgan Stanley & Co., referring to the 38.59-point drop in the Dow Jones industrial average last Wednesday, the day of the report.

Tuesday that consumer prices rose by 0.4 percent in October, a bigger-than-expected rise. And after removing costs of food, shelter and energy, the consumer price index rose 0.7 percent last month. (Page 15)

the past two weeks, were reacting chiefly to fears that the industrialized nations might not continue to support the dollar in the wake of the U.S. election, or that President-elect George Bush will not act soon enough or strongly enough to reduce the budget deficit.

Labor Breaks Off Talks On Coalition in Israel

By Joel Brinkley

NEW YORK — The Labor Party formally broke off coalition talks with its rival Likud on Tuesday, saying the negotiations were fruitless.

earlier in the year as good news for the markets. The Commerce Department, for example, reported that exports had reached a record level and imports had dropped in September.

"It was the trade number everyone

coalition of Likud along with the extreme right and religious parties. A majority of Israelis, including many leaders of Likud, find that prospect unappealing and worrisome. Tens of thousands of Israelis have been calling for a renewed "national unity" government between Labor and Likud that excluded the religious parties.

On Sunday, Foreign Minister Shimon Peres, the Labor Party leader, said he was willing, though by no means eager, to join a coalition government with Likud because the alternative "couldn't be any worse."

Clearly, the markets, in dropping over

With Royal Ceremony, an MI5 Charter

By Craig R. Whitney

LONDON — As prescribed by the British Constitution, Queen Elizabeth II, all but immobilized by crown, robe, and ceremony, told Parliament on Tuesday what her government planned to do over the next year.



Prince Philip helping Queen Elizabeth step down from her coach for the opening of Parliament.

A Soviet Psychiatrist Accuses Article Describes Systematic Abuses to Silence Dissent

By Felicity Barringer

MOSCOW — A Soviet newspaper has published an article by a Moscow psychiatrist supporting Western charges that Soviet psychiatry was systematically used to suppress dissent in the 1970s.

trists systematically abused their profession to suppress dissent.

Publication of the article comes at a time when Soviet psychiatrists are seeking readmission to the World Psychiatric Association; they have agreed to a visit by American psychiatrists in January.

He added that members of a demoralized profession had been willingly deputized by "extra-medical organizations and officials," apparently a reference to both law-enforcement officials and the KGB, and "acceded to any whim of the local authorities."

The U.S. group, which is expected to request and receive case histories of people who were confined to mental institutions apparently for political actions, will visit Soviet mental hospitals, according to a statement on the visit prepared by U.S. and Soviet officials and issued by the State Department in Washington on Monday. The group also expects to examine some of these patients.

According to Alexander Podrabinek, a dissident who has been monitoring Soviet psychiatry for a decade, there are at least 30 confirmed cases of people still committed to mental institutions as a result of political activities, and 120 or so other suspected cases.

Although articles in the Soviet press since the summer of 1987 have criticized some Soviet psychiatrists as corrupt, poorly trained and ineffectual, Mr. Bayanov goes well beyond anything previously published here in charging, as Western critics and Soviet dissidents have long maintained, that Soviet psychia-

"There's never before been anything like this article," Mr. Podrabinek said. "But people are still in

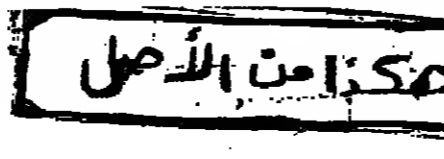
See SOVIET, Page 6

Chun Is to Repent On TV in Korea

By United Press International

SEOUL — South Korea's disgraced former president, Chun Doo-hwan, will humble himself on television Wednesday by apologizing for abuses of power and corruption, aides said Tuesday.

The speech would mark a stunning fall for Mr. Chun who, in eight months, went from absolute power to a man abandoned by his political allies, dogged by his former foes and trampled by the pace of democratic change.



WORLD BRIEFS

Miners and Riot Police Clash in Paris

PARIS (Reuters) — About 500 miners from the impoverished eastern region of Lorraine clashed violently with riot policemen outside the office of Prime Minister Michel Rocard on Tuesday...

Israeli Air Strikes Kill 6 in Lebanon

SIDON, Lebanon (AP) — Israeli warplanes attacked PLO guerrilla bases Tuesday near the southern port city of Sidon, killing six Palestinians and wounding nine, the police said.

6 Scientologists Expelled by Spain

MADRID (Reuters) — A Spanish judge ordered on Tuesday the expulsion of six persons who had been detained in a police raid on the Church of Scientology, court sources said.

60 Hurt in Sudan Peace-Pact Protest

KHARTOUM, Sudan (Reuters) — Thousands of Moslem militants battled with Sudanese southerners in central Khartoum on Tuesday during protests over a pact to end the civil war in the south.

U.S. Aides Meet on Noriega Case

WASHINGTON (Reuters) — The Reagan administration, with only two months to go before President-elect George Bush takes office, has re-examined the possibility of reaching a settlement with the Panamanian leader, General Manuel Antonio Noriega, administration officials said.

A Son of Trotsky Is Rehabilitated

MOSCOW (Reuters) — A son of the Soviet revolutionary leader Leon Trotsky, Sergei Sedov, who was shot to Moscow in 1937 after his father was alleged to have plotted to kill Stalin, has been rehabilitated, the government newspaper Izvestia reported.

Blizzard Cools Off Unrest in Kosovo

PRISTINA, Yugoslavia (Reuters) — Ethnic unrest subsided Tuesday as a blizzard raged in Kosovo Province after five straight days of protests by ethnic Albanians over the removal of local Communist leaders.

TRAVEL UPDATE

Europeans Assailed Over Air Delays

BRUSSELS (Reuters) — The Association of European Airlines accused governments on Tuesday of stalling on finding a solution to the problems facing European air travelers.

Regular Lille-Paris flights will be started soon on a twice-daily basis by Air Exel, the airline said Tuesday. The line also plans a daily link between Lille and Lyon.

Miterrand Pressures Spain to Buy TGV

By Barry James International Herald Tribune PARIS — President Francois Mitterrand will try to persuade Prime Minister Felipe Gonzalez of Spain on Wednesday to buy France's high-speed train for a new rail link between Madrid and Seville.

French officials said a decision by Spain to give any part of the order to West Germany would be considered a 'politically unfriendly' act.

Mr. Mitterrand and Mr. Gonzalez are to meet in Montpellier in southern France for a two-day conference that is overshadowed by the rail issue. In a background briefing for Spanish correspondents, French officials said a decision by Spain to give any part of the order to West Germany would be considered a "politically unfriendly" act.

According to economic analysts, Mitsubishi sees the Spanish contract as an opportunity to enter the European rail market, to find a use for some of its spare heavy industrial capacity and as a step toward winning contracts in the United States.

In an interview with Le Monde, Mr. Gonzalez said Tuesday that the purchase was a major decision for Spain and one that could have important repercussions for its own railway, steel and electrical equipment industries.

The choice of a high-speed train system would make Spain dependent upon the country selected for the foreseeable future, he said. But once that decision was taken, he added, the government might be "flexible" in ordering French, German or Japanese rolling stock.

Mr. Gonzalez said the problem for Spain was to renew its railway system while considering its links to the rest of Europe. Within a month, he said, the government will decide whether or not to begin a massive modernization program to change the entire 13,000-kilometer rail network to the slightly narrower gauge used in the rest of Western Europe.

Latvia Backs Moscow on Sovereignty

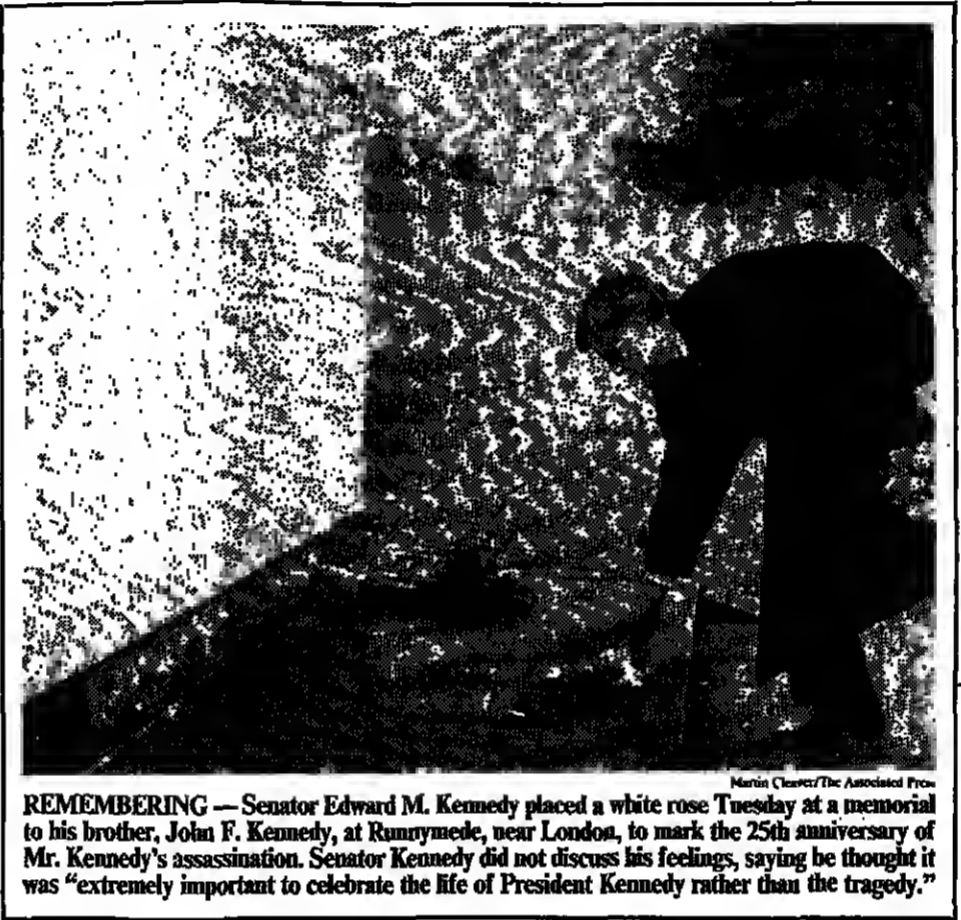
By Esther B. Fein New York Times Service

MOSCOW — The Kremlin appears to have succeeded in its efforts to dull opposition from the Baltic republics to its proposed constitutional changes, as the legislature of Latvia decided on Tuesday night not to declare itself sovereign.

The vote in the Latvian Supreme Soviet followed by several days a similar vote in the Lithuanian legislature and left Estonia as the only one of the three Baltic republics to have granted itself veto power over Soviet legislation.

Estonians had hoped that their drive for sovereignty, issued last week at a special session of their Supreme Soviet, would be joined by Lithuania and Latvia. But after Moscow declared that the Estonian vote was unconstitutional and offered to modify some of the more criticized points to its draft amendments to the constitution, Lithuanian and Latvian legislators backed away from a confrontation and decided against supporting what is being called in the Baltics "the Estonian clause."

Members of the Latvian legislature, however, gave only conditional approval to the proposed constitutional changes, which President Mikhail S. Gorbachev has said are essential to his reform program and which are scheduled to be adopted at a meeting of the Supreme Soviet in Moscow on Nov. 29.



U.S. Education Secretary to Focus On Dropout Rate Among Minorities

By Barbara Vobejda Washington Post Service

WASHINGTON — Education Secretary Lauro F. Cavazos calls it "my awareness campaign" and, in his two months in the Reagan administration, the issue has dominated almost every speech and interview. The subject — the school dropout problem, particularly among minority students — "is one of the few matters that Mr. Cavazos seems to get exercised about."

"This country has not recognized the severity of the problem," he said. Mr. Cavazos, the first Hispanic cabinet member, cited a 40 percent dropout rate among Hispanics: "I can't believe we can let that continue."

Mr. Cavazos, whom President-Elect George Bush said Monday would remain in his post in the new administration, has made it clear that his priorities lie in aiding disadvantaged and minority students, who disproportionately drop out of and fail in school.

As since he was named to replace William F. Bennett to a more widely seen as an effort to gain support for Mr. Bush in Texas and the Hispanic community, Mr. Cavazos has also made it clear that he is very different from his predecessor.

To education groups, Mr. Bennett was seen as an adversary, while Mr. Cavazos has gone out of his way to garner the support of educators and their organizations. Mr. Bennett supported Reagan administration budget cuts in education; Mr. Cavazos has vowed to fight for additional funding. And many of

the ideological, conservative appointees at the department have left.

"He clearly is not taking the approach that Bennett and his crew took," said David Merzkowicz, a spokesman for the American Council on Education. "He's not going for the quick hit and the big headline. He obviously wants to look at the problem and create a cooperative approach."

Some educators worry that where Bennett succeeded in raising education on the national agenda, the consensus-minded, noncontroversial Mr. Cavazos may fail. "It's somewhat disappointing," said one former education department official of Mr. Bush's choice. "It seemed an easy place to make an interesting and bold appointment."

At the same time, educators are well-aware that Mr. Bush vowed to be "the education president," and they are waiting to see if the new administration fulfills its pledge. During the campaign, Mr. Bush proposed three new or expanded federal programs in education: \$300 million in awards to disadvantaged schools that show improvement; expansion of a program to aid experimental efforts from \$12

million to \$50 million; and \$50 million in federal matching funds for magnet schools. Mr. Cavazos, 61, a former professor of physiology and president of Texas Tech University, has indicated he will not abandon the themes pushed by the Reagan administration: holding educators accountable for school improvement, raising standards and offering parents more choice among schools. But, even as the education community welcomes its "education president," there is a broad recognition that sweeping new programs are unlikely in light of the federal budget deficit. Even Mr. Bush's campaign proposals may be at risk.

"Somebody out there is going to have to do something," said Chester E. Finn Jr., former assistant education secretary. Mr. Finn expressed anxiety that Bush's vow to create a "kinder, gentler" nation will mean that the administration will no longer challenge educators and the sector. Mr. Bennett derisively labeled "the education establishment."

"The establishment types have looked awfully happy lately," Mr. Finn said. "It might mean a loss of a sense of urgency about changing anything."

Some speculated that to the long run it might be the first step toward assembling and operating a large orbiting space station in the next decade. "The Russians themselves may not know what they will be using the shuttle for," said an American specialist on Soviet technology, who requested anonymity. "Their program was started 10 years ago, mainly in response to the American shuttle."

For years some Soviet officials complained that their shuttle was just a misguided effort to match the United States. But not until recently had they become bold enough to criticize their program in public. In an unusually blunt article recently on Soviet science, Mr. Sagdeyev charged that the American shuttle — and by implication the Soviet version — was a costly mistake. "The U.S. aerospace industry, like the Soviet industry bureaucracies, used its influence to subvert

IN MEMORIAM 100 years ago this day was born Eric HAWKINS part of the saga of the PARIS HERALD and of the IHT. He joined the New York Herald in 1915 and served as Managing Editor from 1924 to 1960. Let those who knew him have a kind thought for a great man, a good man, good newsman and good friend.

EXCELLENCE IN INTERNATIONAL EDUCATION American Community Schools, England Two spacious campuses close to London provide a stable environment, high educational standards and a happy social life for relocating youngsters, with day or boarding options. Boys and girls from pre-K to grade 13 can study for the American High School or International Baccalaureate Diplomas.

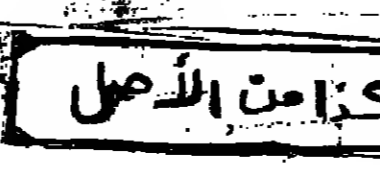
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AMERICAN TOPICS

When Outsiders Give College Exams

Testing of college students by outside examiners, a practice common in the 19th century, has since fallen into disuse, but not at Marlboro College in Vermont, which has only 240 students. Vermont's Middlebury College, Swarthmore in Pennsylvania and Oberlin in Ohio use outside examiners for honors students.

Other institutions may follow. Assessment by outsiders "is looming as the collegiate educational issue of the 1990s," Robert Zensky, director of the University of Pennsylvania's Institute for Research on Higher Education, told The New York Times.

Marlboro, small and relatively isolated, considers outside examiners vital as external reference points. The Times says the teachers, even more than the students, are on trial. "Having one of your students — someone you have tutored for two years — being judged by an outsider can be pretty threatening," says Geraldine Pittman Battle, who teaches literature.

Faculty members become coaches rather than intellectual authorities. "Our authority derives from our knowledge of how to help students find out what is right," said T. Hunter Wilson, who teaches creative writing. "It doesn't come from the power to dictate answers."

Short Takes

The National Wetlands Policy Forum, a bipartisan panel of state and federal officials, business people and conservationists, has recommended a national goal of creating more wetlands than are being destroyed — reversing a trend that has drained about half of the 215 million acres (86 million hectares) of marshes, bogs, fens, swamps and five estuaries in the contiguous 48 states over the centuries. Once considered wasteland, wetlands are now recognized as crucial to reducing pollution, protecting wildlife, cleansing groundwater and controlling erosion.

"I think it's inevitable that in this country there will be a woman president," Ronald Reagan said in a recent talk to Washington high school pupils, "because they've come up in so many different fields." He added, "I welcome it."



Source: Gifford/The Associated Press

GI 'MANNY' — The mannequin that the army will use to test clothing to protect soldiers from chemical warfare agents. The mannequin, dubbed Manny, will be covered with a rubber skin containing sensors to detect leaks in the protective clothing.

The total number of cats, dogs, birds and horses kept by Americans is 126 million, or one for every two persons. When hamsters, fish, turtles, snakes and rabbits are counted, the total climbs to more than 200 million creatures, according to the American Veterinary Medical Association.

Women constitute 15.8 percent of state legislators and 5 percent of members of Congress this year, compared with 13.3 percent in state legislatures and 4 percent in Congress in 1983. The Women's Research and Education Institute called it "snail's pace" progress.

The police in Waukesha, Wisconsin, arrested Harold Schmidt, 27, for burglary and said he had telephoned his grandmother in Florida from the scene of the crime. The police had questioned and released him earlier about the burglary. He was booked after the victim received her telephone bill several months later.

Arthur Higbee

A Boost for U.S. Trade Policy

Mulroney Victory Helps Efforts to Eliminate Tariffs

By Stuart Auerbach

Washington Post Service

WASHINGTON — Prime Minister Brian Mulroney's victory in the Canadian elections provides a major boost for Reagan administration trade policies and increases the odds for success in crucial international trade talks in Montreal next month.

The election turned into a referendum on the U.S.-Canadian free trade agreement, which had been sought by the Mulroney government and had already been approved by the United States. It would create the world's largest tariff-free market, stretching from the Arctic Circle to the Rio Grande.

The free trade pact is a cornerstone of Reagan administration trade policies. Its approval in the United States fulfilled a longtime dream of the president, who articulated his vision of a North American free trade zone when he announced for the presidency in 1979.

Leaders of both Canadian opposition groups — John Turner of the Liberal Party and Ed Broadbent of the New Democratic Party — had vowed to tear up the pact if they won.

Analysis said a Mulroney victory would assure Canadian approval of the agreement, removing the threat that hangs over international trade talks that start in Montreal in two weeks. Ministers of 96 nations will gather then to review progress on strengthening the compact that polices world trade, the General Agreement on Tariffs and Trade, or GATT.

Mr. Mulroney's victory is expected to help those negotiations liberalize trade around the world, a major element in Reagan administration trade strategy. The White House has used the agreement with Canada as an example of the benefits of free trade and brandished it as a club by threatening to enter into similar pacts with other countries if the global negotiations fail to make progress.

Clayton K. Yentzer, the U.S. trade representative, told Congress last summer that a rejection of the agreement "would send the wrong signal to the rest of the world. We would lose the impetus it gives to the new GATT round on which both the United States and Canada count so heavily."

He said there could be little hope of success in the GATT talks. "If the U.S. and Canada — the two largest trading partners in the world, next-door neighbors, the closest of friends and allies — cannot liberalize their trading relationship...

The U.S.-Canada agreement was seen around the world as a giant step for free trade at a time when the concept was being battered by protectionist winds in the United States and other countries.

The agreement, moreover, addresses areas of trade that did not exist when GATT was formed 41 years ago out of the ashes of World War II. These include trade in services, one of the most complex problems confronting the current GATT talks, and the elimination of barriers to foreign investment.

By the same token, analysts said that some countries would have seen Canada's rejection of the agreement as a repudiation of the free trade philosophy and would use it as an excuse to continue protectionist practices.

For example, aides to the incoming Mexican president, Carlos Salinas de Gortari, said his program to liberalize import barriers would be damaged by a Canadian defeat of the agreement with the United States.

The importance of the Canadian agreement to overall U.S. trade strategy was underscored in a magazine article last January by James A. Baker 3d, then the Treasury secretary, who said one of the benefits of the pact was that "it provided an incentive to other governments" to lower trade barriers.

And if they did not, Mr. Baker brandished the threat of forming a "club" of free-trading nations that would supplement GATT. The unspoken threat was that the United States would grant those nations preferential access to its market, the largest and richest in the world.

"We can demonstrate a hard-nosed Yankee-trader realism about bargaining," Mr. Baker said.

If other nations are not ready to liberalize trade rules under GATT, he wrote, "we will begin with those that are and build on that success." Mr. Baker, who will be secretary of state in the Bush administration, played a key role in final negotiations on the Canadian accord.

Carl Hubbell, Baseball Star, Is Dead

The Associated Press

SCOTTSDALE, Arizona — Carl Hubbell, 85, the pitcher who won 253 baseball games and was perhaps best remembered for his consecutive striking out of Babe Ruth, Lou Gehrig, Jimmy Fox, Al Simmons and Joe Cronin in the 1934 All-Star Game, died Monday.

Mr. Hubbell died two days after he was injured when his car struck a pole.

The left-handed pitcher compiled a 253-154 record during his 16 years as a major leaguer. He won 21 or more games for five straight years, earned the Most Valuable Player Award with a 26-6 record in 1936 and set what was then a record 46½ consecutive scoreless innings from July 13 to Aug. 1, 1933. He was elected to the Hall of Fame in 1947.

Mr. Hubbell's career, spent entirely with the New York Giants, spanned the years from 1928 to 1943, during which time the team won three pennants and the 1933

World Series. He later worked for the Giants as an executive and scout.

His most celebrated feat was the consecutive strikeouts of Ruth, Gehrig and the three other future Hall of Famers in 1934. His specialty was the screwball, which curved away from right-handed batters.

Other deaths:

Jennie Lee, 84, a Scottish coal miner's daughter who rose to become a Labor Party member of Parliament and minister of state for the arts and who was awarded a life peerage as Baroness Lee of Asheridge, Nov. 16 in London. She had been married to Aneurin (Nye) Bevan. The cause of death was not disclosed.

Tala Yassoub, 49, secretary-general of the hard-line Palestine Liberation Front group, Thursday of a heart attack in Algiers.

Haywood S. Hansell Jr., 85, who commanded American strategic

bombing of Germany and Japan in World War II, Nov. 14 of heart failure in Hilton Head, South Carolina.

Frederick Ungar, 90, who fled the German occupation of Austria and published the works of Goethe, Thomas Mann, and Erich Fromm in the United States, Nov. 16 of heart failure in Scarborough, New York.

Douglas E. Graves, 70, who handled development of several major weapons systems during a 43-year career with Boeing Co. Thursday of cancer in Seattle. He helped produce the cruise missile, the short-range attack missile, the airborne warning and control system and the E-4 advanced airborne command post.

Vlad Georgescu, 51, a Romanian historian who was a leading dissident in his country in the 1970s and who for the last six years directed the Romanian service of Radio Free Europe, of a brain tumor Nov. 13 in Munich.

What put the Sir in Sir Walter Scott?

It has been commonly assumed that Sir Walter Scott was given his knighthood for services to literature.

However, there is a school of thought which is puzzled by his constant publicizing and praising of The Glenlivet single malt whisky. It is mentioned frequently in his writings.

The Glenlivet was also the Monarch of that time's favourite whisky. It was said "he would drink nothing else".

Is there a connection between these two facts and his knighthood? I believe we should be told.



The Glenlivet

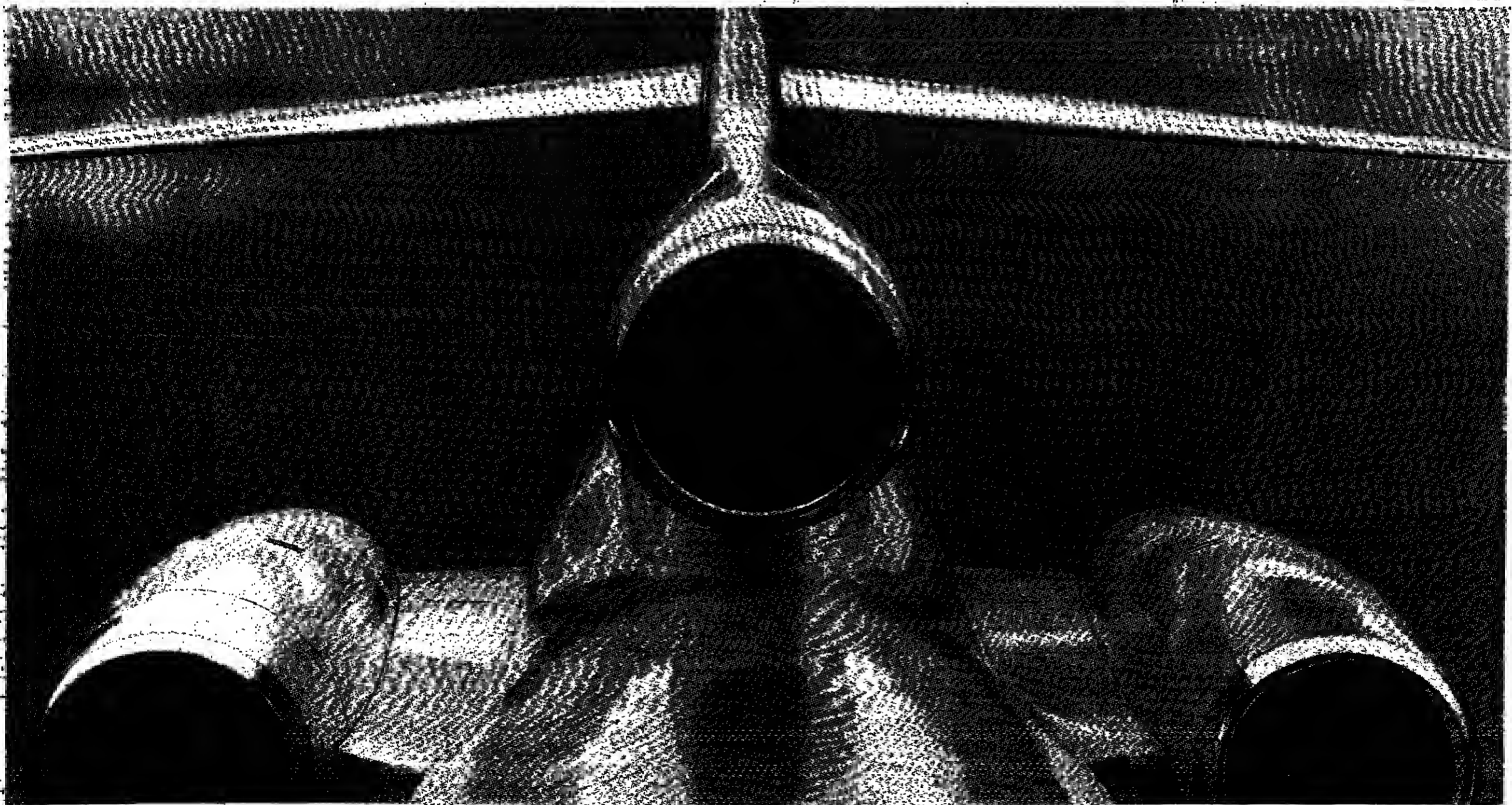
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keep in mind the importance of the on-board electronics of a long-range aircraft.

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OPINION

INTERNATIONAL
Herald Tribune

Apartheid Wins in Court

A provincial court, ruling in what is widely seen as the most important political trial in South Africa since Nelson Mandela and others of the outlawed African National Congress were convicted a quarter-century ago, has convicted the leaders of the current leading anti-apartheid organization, the United Democratic Front. This is another profound mistake by a white ruling class that is pervasively unable to see its own interest, let alone the country's, in breaking up the apartheid system and granting universal political rights.

Bush Keeps Playing Deaf

George Bush's first five choices for his cabinet, all moderate conservatives, convey a welcome message that he is more interested in solving problems than in flamboyant ideology. All are practical men. World that Mr. Bush were as practical. On Monday, even as he announced the selection of Richard Darman as his budget chief, he held rigidly to the notion that a \$150 billion deficit can be reduced to zero in four years with no new taxes.

A Move Against Steroids

The announcement of a plan for U.S. and Soviet Olympic committees to test athletes for steroids is welcome news. It is also overdue. Sports organizations are fighting a losing battle against anabolic steroids, and the reason is that most don't have their hearts in the struggle. Only a handful of competitors, including Ben Johnson, the Canadian sprinter, were expelled from the Seoul Olympics for using the forbidden drugs. Yet, according to The New York Times's recent series on drug use, probably half or more of the 9,000 athletes at Seoul had used steroids or similar drugs.

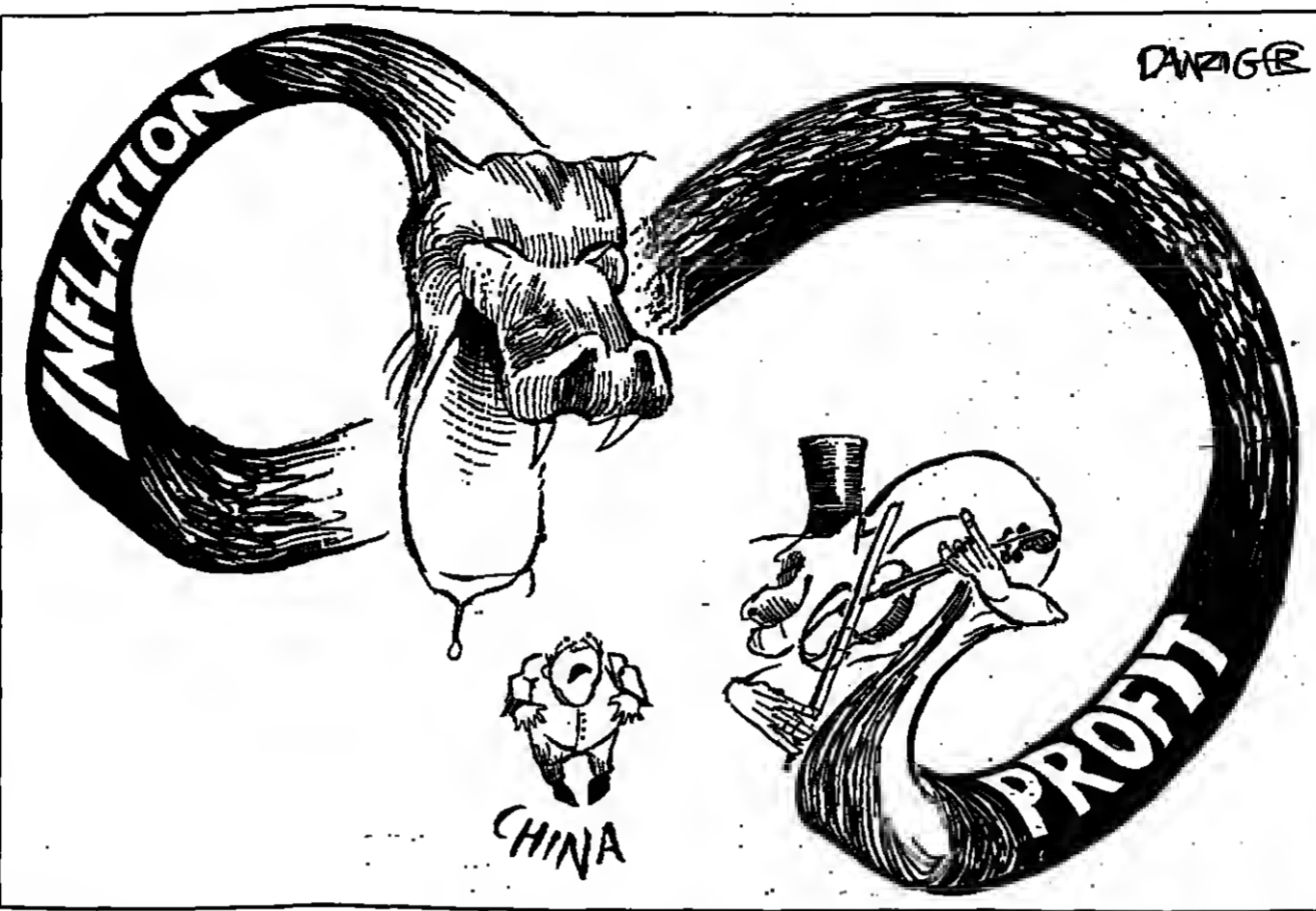
Other Comment

Mulroney's Historic Victory

Prime Minister [Brian] Mulroney of Canada has just won an election of great importance for his country. It was a narrow victory but an historic one, the first time since 1874 that the Conservatives have won two consecutive terms in office.

The Big Bad EC Is a Fiction

The screeching about 1992 is reaching fever pitch. "There is a real risk that Europe will turn into a protectionist entity as 1992 comes more and more into being," said Al Kingston, the American ambassador to the European Community.



The Worries About Fortress Europe Are Justified

BRUSSELS — How seriously should the world take the threat of "Fortress Europe"? As recently as the beginning of this year it still seemed absurd that Europe's efforts to create a genuine common market by 1992 might involve freezing non-European out of key sectors like banking and financial services. Since then it has developed as a distinct possibility. By midsummer it was a widespread diplomatic whisper, and today it is a noisy political furor.

Germany: Speaker Jenninger Spoke the Truth

CHICAGO — The resignation in disgrace of Philipp Jenninger as speaker of the Bundestag is a deplorable reminder that for all too many there will ever be a right moment for the truth about Germany and the Nazis in particular, and about the pathetic fragility of decency, justice and humanity in general.

To Win, the Democratic Party Will Have to Change

WASHINGTON — The Democrats have become consensus-seekers of defeat. They have it down to a nice routine now. After each presidential election, the national party leaders and the Democratic "chairs" of the 50 states, as they style themselves, go off together to contemplate the latest loss and vow that next time they are definitely going to do better.

Many Take Our Peace For Granted

By William Pfaff
BERLIN — Seventy years ago this month in Berlin the storm of German revolution was gathering. The Kaiser gone, a moderate socialist leader, Friedrich Ebert, governed Germany. The chancellors, Prince Max of Baden, had handed authority over, saying: "Here Ebert, I commit the German Empire to your keeping."

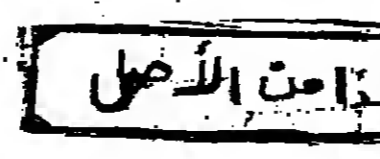
What caused World War I? We don't know.

remained a turbulent socialist factional leader. His lethal blend of socialist idealism with combative nationalism might never have happened — a mixture whose force still is not spent. Much of what today passes for communism or extreme socialism in Latin America, the Middle East, Africa and Asia is Mussolini's mixture in a different ideological guise.

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100, 75 AND 50 YEARS AGO
1838: France and Russia
ST. PETERSBURG — The growing dissatisfaction with Germany displayed by public opinion in Russia, and the view taken here that the political acts of the Berlin Cabinet and the utterances of the best German newspapers appear more and more clearly directed against Muscovite interests, are creating so strong a leaning towards France as to constitute even in the view of governing circles a serious basis for a rapprochement between the two countries.

1938: A German Threat
BERLIN — In one of the most violently worded editorials to appear in a Nazi newspaper since Adolf Hitler assumed power in 1933, the "Schwarze Korps" organ of the S.S., warned tonight (Nov. 22) that eventually the German Jews would be wiped out by the Nazis "with fire and sword," unless foreign countries solved the problem of getting them out of the country and settled abroad.



OPINION

From Gulag to Manhattan: Strong Men, Still Talking

By A. M. Rosenthal

NEW YORK—Open the door of the bare office on West 30th Street. Across the room a man stands up, moves forward. Walk toward him, shake hands, embrace. Pyotr Ruban on West 30th Street? Twenty-two years eating the mean bread of imprisonment in Soviet political jails, finishing one sentence for speaking his mind, arrested again, incarcerated again, exiled, re-arrested and imprisoned, isolated from family and world for more than two decades — and here is Pyotr

Democracy, a group of Soviet and American citizens who struggle for Soviet prisoners and other freedom causes. Mostly that is because your own mind is grappling with the stunning fact that these men, so familiar and yet so unknown, are here, not in the Ural and Siberian prison camps, but here in this very room on West 30th Street.

You know it would not have happened without Mikhail Gorbachev's rise. Prisoners were locked up for decades for saying some of the things about tyranny and failure that he now says himself. And all those people in the Soviet Union and the United States who keep the names of the prisoners alive — they helped make it politically embarrassing for the Gorbachev regime to keep the cells full.

But only the prisoners matter, so later, search out Mr. Ruban again, this time at the office of Helsinki Watch, which fights for political prisoners everywhere. This is his heroes look: Natan Sharansky is short and bald, Mr. Sakharov's shoulders droop. Pyotr Ruban is slight and wiry; his moustache says:

Mr. Ruban is a Ukrainian nationalist. He knows that there were collaborators with the Germans in the movement. He says that those in the Ukraine were shot and that there are few now in America. He demands full Ukrainian political rights and freedoms, but he no longer fights for secession.

He was arrested once for a bungled robbery to get funds for the movement. But mostly the years of arrest and incarceration were for speaking and writing about brutalities of the Soviet system.

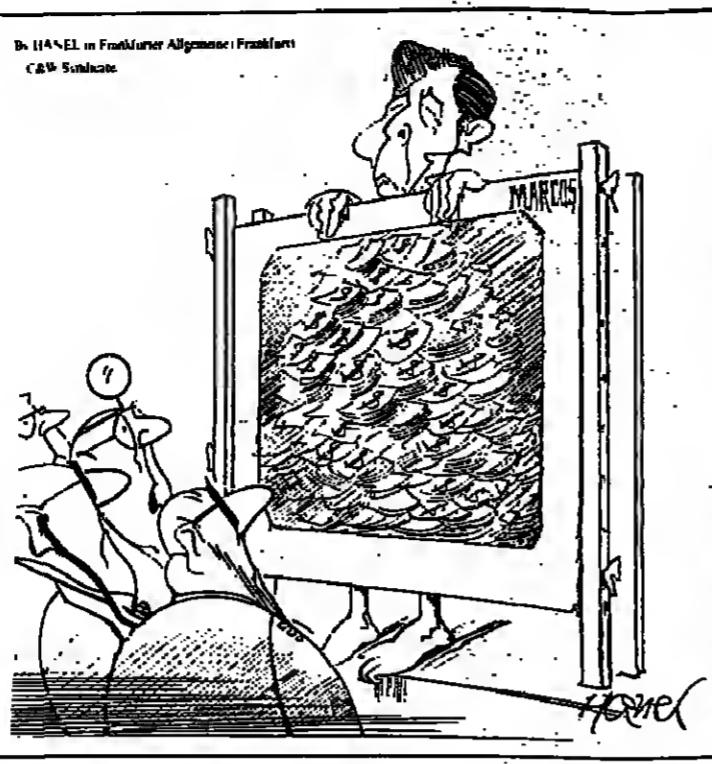
His last indictment, in 1985, condemned him for opposing the Soviet invasion of Afghanistan, praising the Polish Solidarity movement, denouncing international terrorism, claiming that Soviet agriculture is in a bad way and promoting nationalist feelings in the Soviet republics. Today it reads like a summary of the oews in Pravda. He got nine years in the special hard time camps, and four more in exile.

On May 23, 1988, Mr. Ruban was in the punishment cell of a political prison in the Ural; his 47th day, this time. He was taken to the warden, who told him he was being released and put out his hand. "I do not shake hands with murderers," Mr. Ruban says he responded.

Seven days later, Mr. Ruban was at a dinner in the U.S. ambassador's residence in Moscow, seated next to Secretary of State George Shultz. On July 13 he arrived in the United States.

He spends his time speaking to Ukrainian-American groups and setting up a company to get financial help for private enterprise cooperatives in the Soviet Union. He thinks they are a good way to keep on fighting the system.

Pyotr Ruban now lives in the town of Irvington, in the state of New Jersey. "Victor Orlov," a former KGB officer given U.S. asylum, in *The Washington Post*.



By HANSI in Frankfurt-Algemeine Frankfurter CAW-Syndikat

C. S. Lewis, Gone but Hardly Forgotten

By Michael Nelson

NASHVILLE, Tennessee—A quarter of a century after his death on Nov. 22, 1963, the popularity of C. S. Lewis, known for his apologetic and imaginative works of Christian literature, refuses to wane. Indeed, the opposite is more clearly true. His books now sell around two million copies each year in his native Britain and in America — six times the number sold during his lifetime. Lewis's most famous books — "Mere Christianity," "Screwtape Letters," his science fiction trilogy and "Chronicles of Narnia" — have gone through scores of printings.

In its most extreme form, Lewis's continuing popularity verges on hagiography. Nothing rivals the account of the New Testament translator J. B. Phillips, who blandly reported in 1967 that a "rosily radiant" (albeit deceased) Lewis had visited him twice in his home and "spoken a few words which were particularly relevant to the difficult circumstances through which I was passing." But what of the C. S. Lewis aprons, mugs, sweat shirts and tote bags, or the calendar that promises "to bless whatever room it hangs in with a quiet sense of peace?"

Lewis himself, it is safe to say, would have been appalled. He made his living as a literary scholar at Oxford and Cambridge. His was a life devoted to simple pleasures: hiking, reading and "sitting up till the small hours in someone's college rooms talking nonsense, poetry, theology, metaphysics over beer, tea and pipes." Lewis lived plainly: two-thirds

clothes and a Victorian lady completely covered in clothes might be equally "modest," proper or decent, according to the standards of their own societies.

He concludes by cautioning the reader to maintain a sense of proportion: "The sins of the flesh are bad, but they are the least bad of all sins. All the worst pleasures are purely spiritual: the pleasure of putting other people in the wrong, the pleasures of power, of hatred."

More generally, Lewis dismissed (and, with gusto, violated) some Christians' objections to alcohol and tobacco as "ignorant as savages of the historical and theological reading needed to make the Bible more than a superstition."

It is not at all clear that his writings have brought many skeptics and nonbelievers to the altar. What seems more certain is his value to those who already call themselves Christians, especially mainstream Protestants and Catholics.

The lives of people in the modern church typically have been almost schizophrenic. The sermons they hear and the denominational publications they read are prepared mainly by church leaders trained in liberal academic seminaries, where avant garde theology, radical biblical criticism and social and political relevancy are the reigning gods. These leaders have little to say about sin, resurrection, the afterlife or other traditional doctrines.

But the liturgies of worship and the memories of worshippers are filled with prayers, Scripture and creeds that embody orthodoxy and keep it alive, if incomprehended, in the minds of the laity. What Lewis did, by shedding light on the historic teachings of the church, was to help Christians to understand what they already realize is important, even if most of their leaders have forgotten.

The writer teaches political science at Vanderbilt University. He contributed this column to *The New York Times*.

MEANWHILE

of his book royalties were earmarked for charities. He never traveled abroad, even when fame brought invitations to lecture from around the world.

Lewis's path to Christianity was clearly his own. What seems to have brought him around was a long conversation with J. R. R. Tolkien and others who persuaded him that Christianity was true precisely because, in addition to being historic, it was mythic. One of humankind's grandest recurring myths — that of the dying god who rises again to save the people — had been fulfilled in Jesus Christ.

Lewis's Christianity was orthodox, not liberal, and supernaturalist, not modern, in contrast to the theological thought of the day, which he dubbed "Christianity-and-water." To defend traditional doctrine in a secular age was the mission Lewis defined for himself: "Ever since I became a Christian I have thought that the best, perhaps the only, service I could do for my unbelieving neighbors was to explain and defend the belief that has been common to nearly all Christians at all times."

Lewis's orthodoxy is not to be confused with priggishness or fundamentalism. His discussion of chastity, for example, begins with a warning not to confuse it with propriety: "A girl in the Pacific islands wearing hardly any

only an expression of taste or opinion? Perhaps the politicians and those who trust the political process to save us from social evils might wish to consider this Lewis morsel: "A sick society must think much about politics, as a sick man must think much about his digestion; to ignore the subject may be fatal cowardice for the one as for the other. But if either comes to regard it as the natural food of the mind — if either forgets that we think of such things only in order to be able to think of something else — then what was undertaken for the sake of health has become itself a new and deadly disease."

Lewis's power to transform remains undiminished. Whether the subject is the death penalty, the atomic bomb, marriage, morals, power, or the objective existence of God, he wrote with a clarity that is gourmet fare compared to much of the junk-food writing of today.

As the English professor John Lawlor wrote of Lewis, "It is as certain as these things can be that we shall not see another like him."

— Syndicated columnist Cal Thomas.

He Had the Power to Transform

NO one who has seriously read C. S. Lewis's works — from his fairy tales to his Christian apologetics — has come away the same. He challenged the prevailing wisdom of the day, not from some separate subculture but on its own turf, chiefly the universities. First at Oxford and later at Cambridge, students stood in auditoriums filled to capacity — a rarity at both — to hear his lectures. He was called the greatest teacher of our time in his chosen fields, and the best-read man of his generation, one who read everything and remembered everything he read. As former Senator Eugene McCarthy has written: "Lewis convinces his readers that he is the most reliable guide they have found on the subjects that matter most."

And what subjects might those be? How about: Does God exist? Is there a spiritual reality that transcends the material world which is accessible to our senses? Other than scientific reasoning, is there any intellectually legitimate means of obtaining knowledge of the world we inhabit? Is moral reasoning

LETTERS TO THE EDITOR

Jenninger's 'Vile' Speech

In response to the report "Speaker Quits Over Kristallnacht Speech" (Nov. 12):

Phillip Jenninger's speech in the Bundestag during the commemoration of the Kristallnacht was vile, nothing less. We often read about how the Germans are tired of being hounded for their Nazi past and the Holocaust. Mr. Jenninger's speech seems to show that too many Germans still have not examined their souls deeply enough. They and the rest of the world must ever forget this blackest of moments.

FORBES PERKINS, Milan.

Irony From the Deputati

Regarding the report "Lawmakers in Italy Cast Off the Secret Vote" (Oct. 14):

The article on the Italian Chamber of Deputies casting off the secret vote was well-balanced and informative. But the deputies shown in the accompanying picture as applauding the result are Communists, at the extreme left of the chamber. Why did they applaud? They were pointing ironically to the fact that the majority had won by a mere seven votes, not the expected 63. A little more explanation of the complexities of Italian politics would have been helpful.

STEFANO RIZZO, Parliamentary Information Service, Rome.

A Kenyan Response

Regarding "Kenya Defender of the Law Tells of Prison Ordeal" (Nov. 17):

We wish to correct a false impression given in the news story about the recent-

ly released detainee Gibson Kamau Kuria. The article was misleading in its title, portraying Mr. Kuria as a "defender of the law," and in its suggestion of a state of constitutional erosion in Kenya.

Mr. Kuria has no legitimate claim to being a "defender of the law." It is with utmost arrogance that he has arrogated himself the responsibility to defend the law and the constitution, which in fact lies with the representatives of the people.

His claims of torture are unfounded. Keoya, as a lawful nation, does not torture its prisoners. Mr. Kuria's claims are explicitly aimed at attracting international attention. The fact that he was able to make these unfounded claims attests to the freedom of expression prevailing in Kenya. In the context in which the Kenyan system operates, human rights are fully respected.

It is further surprising that Mr. Kuria, himself a lawyer, forgets that a passport is an official document and that any government has the right to withdraw or refuse to grant one, whether for him or for members of his family.

Kenya is proud of its reputation as an economically strong and politically stable country. We can only regret that Mr. Kuria, a beneficiary of the Kenyan system, has chosen to subvert it.

ROSA ONGESO, Embassy of Kenya, Paris.

One Nation, Indivisible . . .

Regarding "Socialists Wrote Pledge" (The Hastings, Oct. 19):

The Reverend Francis Bellamy, vice president of the Society of Christian Socialists and the generally accepted author of the Pledge of Allegiance, is, of course, not responsible for the words "under

Rapids in the Congress

I agree with Cal Thomas's Oct. 19 comment: George Bush must "rehabilitate the river" Thatcher-style. But can he do it without the benefit of a parliamentary form of government? When Prime Minister Thatcher said, "We are a successful party leading a successful nation," she was addressing her party, which controls Parliament.

JAMES R. PHILLIPS, London.

On Bush's 'Mandate'

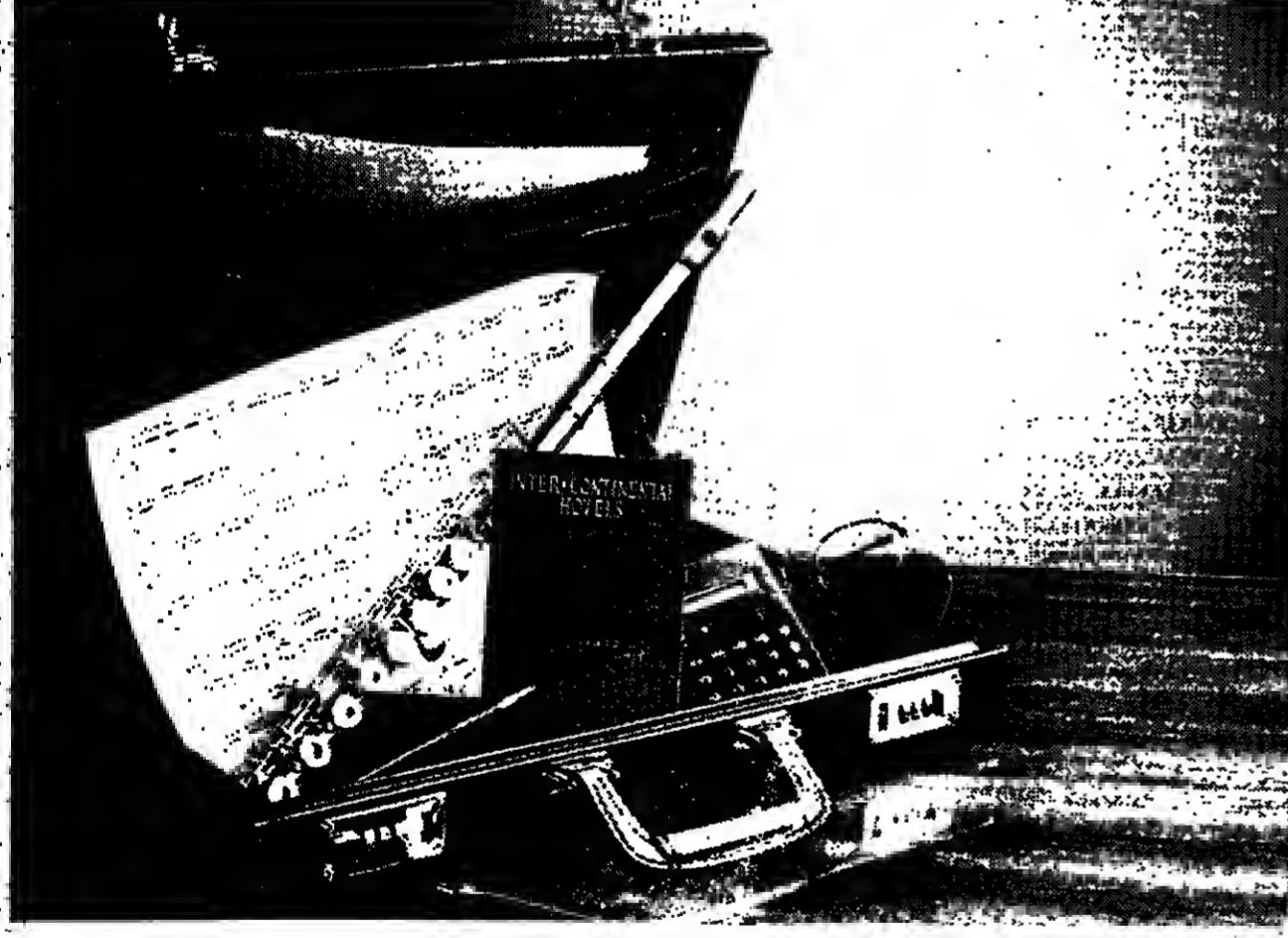
In the aftermath of the U.S. election, Republican Party officials were talking of the mandate given to President-elect George Bush to follow Ronald Reagan's policies. But only 26 percent of eligible voters cast ballots for Mr. Bush.

His only mandate is to rise from the mediocrity that characterized his campaign and his vice presidency, and show courage and conviction in his leadership of the country.

ROGER RATNER, Coppet, Switzerland.

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ARTS / LEISURE

Bringing Back Monk

By Mike Zwern International Herald Tribune PARIS — Thelonious Sphere Monk was born in Rocky Mount, North Carolina, in either 1917 or 1920, depending on your source. It's his real name. Miles Davis once said anybody with a name like that did not have to do anything else to make it. Monk, however, lived up to his name.

my ideas." It should be mentioned by the time of this interview (1963). Monk was beginning to show symptoms of the schizophrenia that would lead to ever weirder behavior and sudden, final, unexplained retirement in 1975. He died of a cerebral hemorrhage in 1982. (He was not a drug addict.)

ous, striking four- or five-note chords and leaving plenty of space between them. (His voicing makes you think of Erik Satie.) Most jazz pianists use 10 fingers just because they are there — and they are afraid strolling may imply lack of ideas. Monk danced while strolling, twirled around the bandstand ("If anybody else did this they'd put him in a straitjacket," he once remarked). Watching Monk twirl while strolling in the Five Spot, one marveled at how he could transmit so much energy to Coltrane, who was soloing with his eyes closed.



Monk: "I always knew that most of the ideas were my own."

Shaffer Makes a Case For Rethinking a Hit

By Sheridan Morley International Herald Tribune LONDON — More has changed at the Globe Theatre than just the casting of Peter Shaffer's "Lettice and Lovage" as Maggie Smith and Margaret Tynack move with it onto Broadway, leaving Geraldine McEwan and Sara Kestelman to head the London cast. The play itself has been rethought considerably, so that we now get a third act in which the leading players, instead of setting off with a cannon to demolish the most appalling examples of modern City architecture, a plan that would doubtless meet with the royal assent of Prince Charles himself, are merely content to organize guided tours of the 50 worst eyesores in London.

Whether Shaffer, whose play has just won Comedy of the Year in the Standard Awards, reckons that now that Prince Charles has rallied to the cause of conservative architecture he can afford to modify his rage against it, or whether he just fancied a new third act is unclear, but there is a lot to be said for playwrights rethinking long-running hits: If only Agatha Christie were still alive to do something about her appalling "Mousetrap" after 35 years and 15,000 performances.

Kestelman are also a very different partnership from the original Smith-Tynack odd couple. Both are gentler in their eccentricities, more inclined to meet on common ground earlier in an evening that is still all about the nature of heritage, and the need to reassert the supremacy of a romantic historical past over a latter-day urban and spiritual blight.

THE LONDON STAGE

Shaffer, but it does contain a comic variant on the argument that ran through his "Amadeus," "Equus" and "Royal Hunt of the Sun" about the alignment of apparent cerebral and spiritual opposites, and Michael Blakemore's production remains immensely adroit.

Out at the admirable Orange Tree in Richmond, Sam Walters offers a belated English premiere to Israel Horowitz's "Line," which has been running for something like 14 years off-Broadway, and another dozen or so in France. Quite how hard to fathom, unless we now spend so much of our lives waiting in lines that we wish to know more about their psychology.

U.S. Film Studios Go After Markets Lost to Piracy

By Andrea Adelson New York Times Service LOS ANGELES — Some makers of American movies and television programs are taking on unusual roles in an effort to reclaim foreign markets lost to piracy.

al property," which includes films, video cassettes, television shows and products based on film characters. The Motion Picture Association of America estimates that its members, the nine biggest studios, are losing \$1.2 billion a year to foreign pirates.

countries resist granting copyright protections because it would be a blow to local filmmaking. Even when protections are granted, success is not guaranteed. A showing of the American film "Fatal Attraction" in Seoul was sabotaged when snakes were released among viewers.

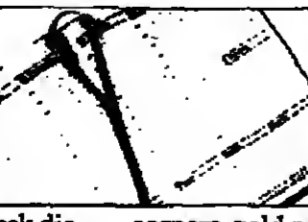
when their interests were threatened by pirates. However, recently adopted bilateral agreements in South Korea and Taiwan are being undermined by a lack of enforcement. And the vast audience potential of China and the Soviet Union remains virtually untapped, at least partly because of a lack of copyright safeguards.

He grew up on West 63d Street, in what was then a slum called San Juan Hill and is now a piece of choice real estate near Lincoln Center. As a teen-ager Monk listened to the master stride pianist James P. Johnson, who lived in the neighborhood. Emile Blake's musical "Shuffle Along" opened in a San Juan Hill theater. After touring as a pianist with a gospel group at the age of 17, Monk was hired by the veteran saxophone star Coleman Hawkins for his first record date ("On the Bean").



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مركزنا من الأهل

ITALY

New Economic Challenges



Public Sector: Deficit Cuts And Fiscal Inequities

Ciriaco de Mita, the Italian Christian Democrat party's prime minister, and his Socialist treasury minister, Giuliano Amato, can congratulate themselves if, for once, they get Parliament to approve the annual finance bill on schedule by the end of the year. It is an important bill, designed to cut the budget deficit by 30 trillion lire (\$23 billion).

With luck the government will avoid this past year's experience when the bill only became law in March and the year started under temporary financing stringencies. Nevertheless, the deficit will still represent 10.2 percent of gross domestic product, and Italy will remain the most spendthrift of major Western industrialized nations.

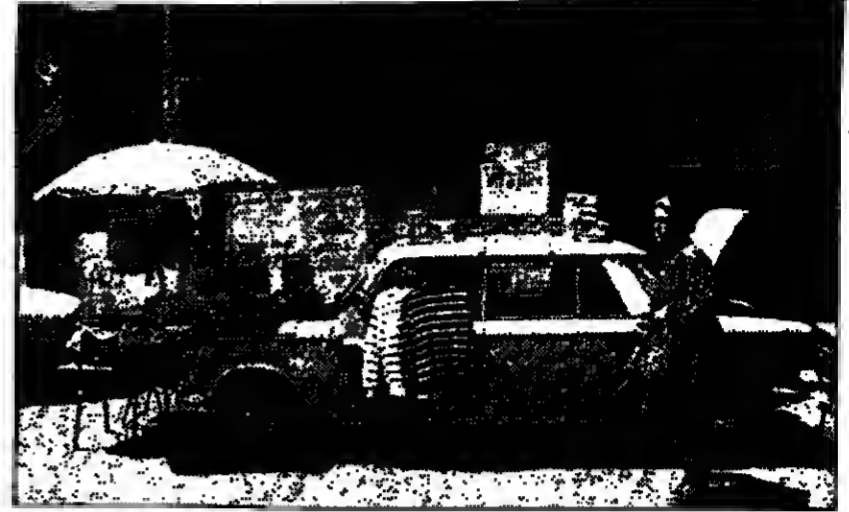
No bold reforming design lies behind the bill. It would in any case be difficult to get approval for any radical measures in a five-party cab-

inet that also includes Republicans, Social Democrats and Liberals. Rather, the government has been pinching and scraping to produce a cheeseparing hodgepodge of 13 ancillary bills wrapped round the main finance bill.

Among the more important measures, expenditures on social welfare and health services are being trimmed. Tinkering with direct and indirect taxes will bring certain mi-

See Public Sector page 13

ECONOMIC indicators show inflation and growth at acceptable levels, yet Italy, whose public debt recently topped 1,000 trillion lire, is faced with difficult decisions as 1992 approaches. With the unified European market presenting a greater challenge to the state than to private industry, Italy is looking to streamline its public sector, reduce the budget deficit and find solutions to the fiscal inequities that have provoked recent protests. The private sector is being restructured as well to make Italian industries more competitive in the global marketplace. The spirit of change has promoted a wave of widely publicized mergers and acquisitions, and has stimulated new ideas for exploiting Italy's best-known assets: its rich cultural heritage, its reputation for offering visitors *la dolce vita*, and its expertise in fashion design.



Private Sector Battles the Odds at Home and Abroad

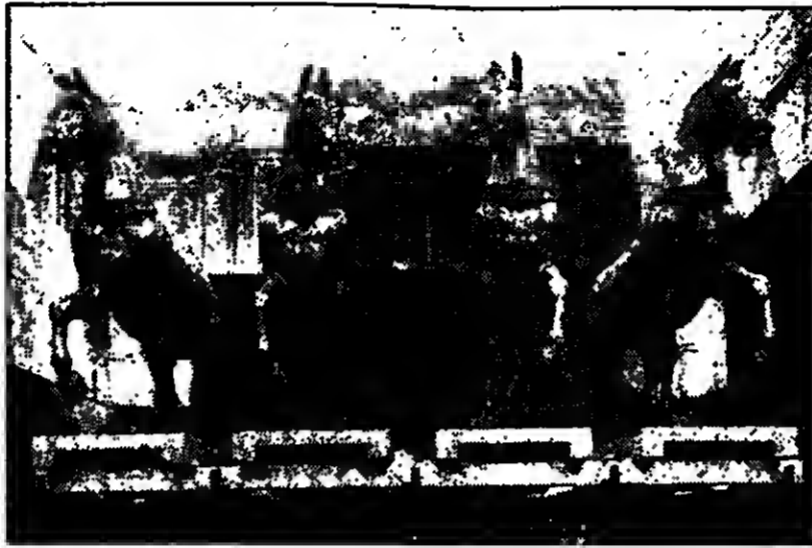
Italian business people are fond of saying that their 1992 has already arrived. Indeed a newspaper and television advertising campaign by a new merchant bank proudly declares it. It is true that Italy's private sector has had plenty of practice in battling against the odds, albeit with an adversary slightly closer to home: Italy's horrifyingly inefficient state sector:

"The state sector has been the most important factor of all in undermining the success of the private sector," explains Carlo Patrucco, vice president at Confindustria, the Italian employers' federation, "and for two very different reasons: both because of the budget deficit, which has driven up the rate of interest, and because of the terrible mess of public administration. How can Italy maintain its competitiveness on such terms?"

Nevertheless, with the driving force of the private sector behind it,

the Italian economy is one of the fastest growing in Europe, with most estimates forecasting that its 3.5 percent GDP will hold up till 1990 at least. Industrial output has risen on average by 5.5 percent over 1988, and is forecast to level off at around 3 percent. An investment boom has left Italy with one of the newest capital stocks in Europe. Notes Mr. Patrucco: "Over the past year, private industry has invested a lot of money in new plants and

See Private Sector page 11



Union-organized demonstration in Rome against unfair tax practices (November 12, 1988) (left). "The Horses of San Marco," restored and presented as a touring exhibit by Olivetti (above). From the open market to the integrated market: business on the move (right).

Girding up for 1992: Mergers and Acquisitions

While names like De Benedetti, Gardini, Pirelli and Generali make international news with their forays, the so-called merger mania has also spread to second-tier, domestic firms eager to achieve a strategic niche as the European Community approaches the integrated market of 1992.

A recent study by the Bologna-based Nomisma research firm shows that 44 percent of the 1,355 takeovers involving Italian companies between 1983 and the first half of 1988 took place during the last 18 months. In the same period foreign acquisitions by Italian firms jumped from 7.4 percent to 13.3 percent of the total. "Most of the individual takeovers occurred in the same sector, and thus were linked to industrial rather than financial motives," notes Giuseppina Gaultieri, who directed the study.

This burst of activity is a result of the Italian economy's turnaround during the 1980s. Today, the country boasts a gross national product on a par with that of the United Kingdom, its inflation rate has dropped to 5 percent from a whopping 20 percent in 1980, and its financial markets have gained a considerable degree of sophistication, while the process of industrial consolidation has emerged as a top priority.

One year ago Ferruzzi president Raul Gardini created Italy's second largest private-sector conglomerate with his takeover of chemical concern Montedison SpA. Now, as part of an ambitious restructuring plan, Mr. Gardini has agreed to merge several Montedison units with state-controlled Enichem SpA. The joint venture, dubbed Enimont, will be closely watched as a test case for possible future collaborations between private and public companies in the telecommunications, food and energy areas.

The Italian government's relaxation of capital movement rules has further stimulated the flow of foreign investment into the country. Schroder banking group, for example, recently launched a L100 million (\$77,000) closed-end capital venture fund aimed primarily at expansion-minded, mid-sized Italian companies. "There's been a change in cultural attitude," notes Paolo Colonna, a partner of Schroder Associates. "In the 1970s companies were involved in internal restructuring. Now they're looking for ways to improve their market share, including cross-border acquisitions."

A series of bold but not always successful transnational takeovers attempts this year reflects Italian companies' new spirit of aggressiveness. Tiremaker Pirelli SpA acquired Armstrong Tire Co. following its failed bid for the larger Firestone Tire & Rubber Co. and Banca Commerciale Italiana SpA



Milan headquarters of the Ferruzzi Group and Montedison.

withdrew its friendly offer for Irving Bank Corporation only after an adverse ruling by the Federal Reserve board effectively undermined its position.

In what was perhaps the most daring Italian-led raid to date, Carlo de Benedetti sought control of Société Générale de Belgique but was defeated by a patchwork alliance of some of Europe's most powerful industrial and financial groups. And earlier this month a similar sort of coalition formed to block a public offer by Mr. de Bene-

See Mergers page 12

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Fairs to come

Airlines: Coming to Terms With the Treaty of Rome

Despite its position in the top ten aviation nations in terms of market and airline size, Italy is in the heart of the conservative camp when it comes to implementing the 1992 air transport market. It clings to traditional bilateral controls on entry, capacity and price, accepts only the most gradual EC air service liberalization; and shields its markets and its airline from the most chilling impact of competition.

With major European traffic flows from similarly inclined Germany, France and Spain and with much of the liberal United Kingdom traffic traveling on charters, this strategy has been relatively successful until the most recent EC package was introduced last December.

Italy shares the common concern of Southern European countries that the lower-cost carriers from the North will undercut prices and that quality service operators will sweep up the passengers — particularly on long-haul intercontinental flights to the United States and lucrative Pacific markets. There are also more specific Italian worries about the impact of liberalization, such as the potential effect of European competition on the already troubled labor scene, where airline, airport and air

At first sight, aviation appears to have missed the great Italian enterprise boom of the 1980s. While other industries have been setting their sights on expansion into Europe and beyond, bringing with them a sense of flair, excitement and keen competitiveness, air transport seems to have been more focused on national consolidation.

traffic control strikes are a routine feature of operations.

Other potential problems are the impact of rapid traffic growth on the overcrowded airports — particularly at the terminal in Rome and on the runways in Milan, the two major hubs — and the consequences to the fragile security situation of dismantling European borders.

Alitalia, the state airline, dominates Italian domestic and international air transport. Carrying almost 15 million passengers per year, it is the tenth largest airline in the world and claims in its advertising to be the third largest in Europe in terms of passengers and fleet. The government owns 67 percent of the shares with 33 percent in private hands. Through its subsidiary ATI, the company operates a comprehensive domestic network. Alisarda, a privately owned domestic carrier

based in Sardinia, is Italy's only other airline of substance.

Alitalia has not been noted for its enthusiasm for competition, preferring the more comfortable world of bilaterally divided markets, regulated capacity and IATA-agreed prices. In recent years, however, it has been quietly preparing for the challenge of liberal European and global markets.

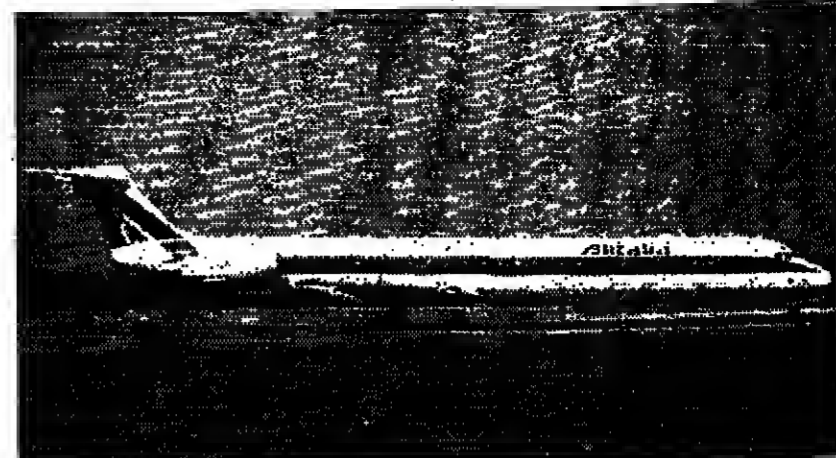
The airline balance sheet has been brought into the black in the '80s after a decade of catastrophic losses. This has been achieved through tough cost control, together with judicious aircraft acquisition and sale. Several small affiliates have been grouped into a single subsidiary to streamline domestic operations, and a targeted regional airline expansion program has been undertaken to ward off competitors in this expanding market sector. One of the boldest moves was to

take a shareholding and management responsibility in the chronically loss-making Aeroporti di Roma, turning it into a profitable venture.

The key sign of a new realism is steps which have been taken to prepare for the advent of airline multinationals in the global markets of the 90s. The partnership stake in Galileo, one of the two European Supercomputer Reservations consortia, and a share in United Airlines COVIA system will give worldwide distribution channels and earn good revenues.

A special marketing agreement with United will increase access to the world's largest travel market. A bid along with Swissair for an interest in Aerolineas Argentinas makes good commercial sense given the high yields on South Atlantic routes and the fact that 40 percent of Argentine's foreign travel is to Italy.

Despite these measures, public confidence in Alitalia has remained low and dissatisfaction with in-flight and ground service has intensified in recent months. In an effort to force more rapid change and to respond to a mounting tide of political criticism, the state holding company IRI replaced Alitalia's chairman of the past decade, Umberto Nordio, with Carlo Verri, known as a people motivator.



Alitalia carries almost 15 million passengers per year.

Observers agree that the airline should accept the challenge of 1992 and press for open European air transport markets. This would include the requirement for Alisarda and other private Italian and European carriers to obtain new operating rights. A new participatory, innovative management culture focusing on customers and service as high priorities along with negotiation of new industrial accords would help restore public confidence in the airline's reliability.

Operations at Milan could be restructured to create a practical Southern European hub at Malpensa, and a shuttle service between Rome and Milan, responding to public demand and making sound

commercial sense, could be instituted. Facilities and the service at Rome's Fiumicino airport need to be improved and financial gains of the recent past must be consolidated if fleet improvement is to be realized.

Cooperative arrangements with other airlines are also possible. Any of the airlines involved in Galileo — British Airways, Swissair, KLM and United — are likely partners, strengthening the base in key European and United States markets and providing a platform for similar negotiations with a Pacific carrier. Despite first impressions, there is a potentially bright expansionary future for aviation in Italy.

Geoffrey Lipman

The Banking Sector: Profitable but Problematic

In a moment of optimism and economic growth, Italian bankers and monetary authorities are preparing for January 1, 1993, when a single market for financial services will open in the EC countries.

In the pre-dawn of European integration, Italy's banking system presents both important strengths and serious weaknesses. According to a recent Bank of Italy study, the average Italian bank is better capitalized and more profitable than those in most other EC countries, but the panorama is spotted with what supervisors call "pockets of inefficiency." The euphemism is used to describe both *problem banks* — some are severely undercapitalized and have portfolios that are riddled with bad debts — and *problem areas* that are common to the majority of Italy's financial institutions: overstaffing is the rule, and despite massive investments in technology, pro-

ductivity has actually declined over the last ten years.

One factor that will be of critical importance is the relatively small size of Italian banks in comparison with those of other EC countries. To address the problem, the central bank has been encouraging mergers and acquisitions; the Treasury, for its part, has proposed tax breaks for merged banks. A process of "partial privatization" is also underway to enable the state-controlled banks — which predominate — to fund their expansion through the stock market. Italian businessmen are taking advantage of the opportunity to propose their own solution: a law that would allow industrialists to

purchase controlling stakes in banks.

There are no appreciable differences in the performance of public and private banks in Italy. "Public banks in Italy are run along the same lines as private businesses," comments Sergio Siglienti, managing director of Banca Commerciale Italiana, one of the country's largest public institutions.

But to achieve the economies of scale necessary to thrive in an EC-wide market, the Italians will probably have to join forces with foreign partners, some of whom may be reluctant to forge equity links with public banks. "The strategic options for the larger Italian banks will include joint stock participations in other EC institutions," explains Stefano Meloni, managing director of Eptacocons, a leading merchant bank owned by seven Italian savings institutions. He adds, "Unless the state is willing to give up its majority position, I anticipate some foreign banks would hesitate before entering into ventures of this type."

The creation of the single market will be the result of two processes: the liberalization of capital flows

and the application of the principles of freedom of establishment and cross-border provision of banking services on the basis of mutual recognition and home country prudential rules.

"A move to create extensive retail branch networks is unlikely because the costs and risks involved in that kind of strategy are too high in comparison with the potential benefits," comments Zefferino Franco, chief executive officer of Istituto Bancario San Paolo di Torino, one of the most innovative of the major Italian banks.

"There's been misdirected emphasis on 1992 'opening' the market," says Stefano Preda, banking and finance professor at the University of Naples. "The market has certainly not been closed up to now. It's true that foreign banks need approval to establish branches, but as far as I know the central bank has never denied permission to a major operator from the EC countries, Japan or the United States. Everyone who wanted to come has already done so. What's more, many of them — like Chemical Bank and Wells Fargo — have already left."

The motives that have driven a number of foreign banks to abandon Italy are complex, and it is not clear whether the freedom to branch freely or to offer new products under a regime of home-country control would offset their problems.

Mr. Preda, also chairman of the board of directors of Cititrust, Citicorp's trust management subsidiary in Italy, believes that the most promising area for foreign operators after integration will be "private banking" services for wealthy clients. Mr. Franco of SanPaolo thinks Italian institutions would do well to hone their skills in sophisticated services for business clients, such as cash management, multicurrency treasury management and international funds transfers.

The lifting of foreign exchange controls has produced no significant outflow of funds, partly because high domestic interest rates have served to attract foreign capital. Italy has registered a net capital inflow of ten trillion lire (about \$ 7.7 billion) since January 1, 1988, when residents were first allowed to invest in foreign securities without making a 15 percent deposit to a

non-interest bearing account with the Bank of Italy. The lira should remain strong if the three-point differential between inflation rates in Italy and other European Monetary System countries does not widen and the balance of trade can be kept in line. Leashing in the public deficit is another priority.

To meet the challenges of the unified market, Italian bankers underline the necessity for further deregulation of the credit system to bring it more into line with the laws in other EC countries. "What's needed is a gradual liberalization process, so that Italian banks, which are subject to tighter regulations than their EC counterparts, are not unduly penalized," says Mr. Franco of SanPaolo.

Mr. Siglienti of the Banca Commerciale sounds a warning note: "Home country control and mutual recognition are no substitute for the harmonization of national banking regulations. Imagine the confusion if banks from each of the 12 countries were operating in the other 11; we'd end up with a total of 132 different bilateral accords."

Lisa Rosenthal

IMI

CORPORATE FINANCE ASSET MANAGEMENT INVESTMENT BANKING

Consolidated Highlights at March 31, 1988 (Dollars in Millions, U.S.\$ = 1,230.9 Lire)

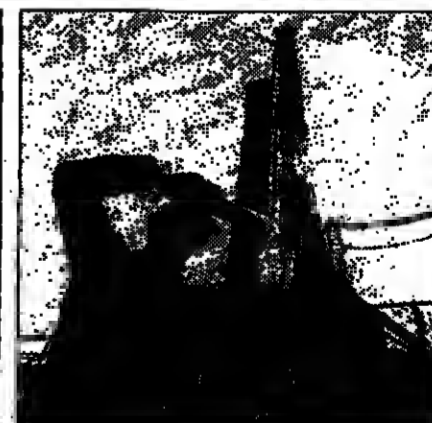
OUTSTANDING LOANS	24,552
ASSETS UNDER MANAGEMENT	17,503
SHAREHOLDERS' EQUITY	3,331
CREDIT LOSS RESERVE	698
NET INCOME	340

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international market. ENI Group company activities encompass: all aspects of the energy sector; the chemical industry; engineering and services; mechanical manufacturing, textile machinery and metallurgy. In some of the sectors, such as engineering and services and mechanical manufacturing, Group companies are more heavily involved in international projects than in the Italian domestic scene.



Agip AgipPetroli Snam Agipcoal Snam EniChem
Snamprogetti Saipem NuovoPignone Savio Sofid Eni Int. Holding

Business Masters the Art Of Cultural Relations

Since the 15th century, when Florence's powerful Medici family patronized the arts, Italian organizations have recognized the value of sponsoring cultural projects. The practice is becoming more popular.

"The marketing benefits in terms of image are secondary. The major reason we do these projects is because it's the right thing to do," says a spokesperson for the Istituto Bancario San Paolo di Torino.

The "right thing to do" may also be good for the image in the long

run, and with discussion of parity products and the foreseen competition after 1992, image is now regarded as a determining factor in business growth.

Arts sponsorship is low-cost image promotion

run, and with discussion of parity products and the foreseen competition after 1992, image is now regarded as a determining factor in business growth.

The show "FIAT 1899-1989: An Italian Industrial Revolution" which opened November 22, 1988 at the Science Museum of London, is the latest in a series of collaborations between Italian companies and cultural institutions. Olivetti has been active in forging ties between business and the arts for 20 years; newcomers range from Alitalia (the national airline) to Asitalia (the insurance company).

Why the big interest in the arts by Italian corporations? Part of the answer lies in the cultural heritage of Italy. Art and beauty are everywhere, but so is pollution—and the consequent deterioration of much of that artistic heritage. It is estimated that up to 70 percent of the monuments need repair, and almost half the museums are closed except by special request. More art lies in warehouses than on display, and although \$1.4 billion was allocated for restoration in 1987, government bureaucracy drained one third of that amount.

The private sector is moving in to cover the breach. They will spend about \$1 billion in cultural sponsorships in 1988, a figure increasing at about 10 percent a year. Italian savings banks are disproportionately represented, in part because they are required by law to devote a percentage of their earnings to public service activities. Because regional rather than national banks dominate in Italy, cultural investments are largely regional as well.

For example, the 500-year-old Monte dei Paschi di Siena is heavily involved in the cultural life of Siena, including restoration of its own historic headquarters in the city. It also supports the world-famous Palio horse race in the city each year but, as a bank spokesperson explains, "We do not consider the Palio part of our program of cultural sponsorships. We believe in organizing and running our own events." Similarly, the Cassa di Risparmio di Firenze is sole sponsor for the renowned "Maggio Musicale," an international music festival held each May in Florence, and it has also undertaken restoration projects in Tuscany.

Until recently, public service projects underwritten by banks and companies were done a *pioggia* (like rain), in the words of one bank official. That is, they were sprinkled around with little overall direction or strategy. Today's increased competition and wider acceptance of marketing techniques have made banks more targeted in the activities they sponsor.

Philippe Zevi, who five years ago founded the Media Arts consulting group to help companies develop cultural events, says, "Communicating your image through culture has a special side benefit—it works for the public good in a way that traditional advertising does not. And it costs less. For about \$80,000, you can sponsor a quality museum show in a major Italian city, including advertising, a catalogue with your company's name on it and a reception with guests of your choosing. Can traditional advertising do the same?"



Fiat's Venetian showcase for the arts, the Palazzo Grassi.

attributes the venerable company's new visibility to its cultural programs.

Another textile firm, Lineapù, has the image advantage of being headquartered in Florence. Its participation in the arts is active and ongoing, with the guiding strategy that its textiles must relate to every activity it undertakes. These range from a water ballet on the Arno (swimmers wore suits made of Lineapù fibers) to a planned exhibit next year at the Pitti Palace in cooperation with another Florentine patron of the arts, Bijoux Cascio.

Fiat has an extensive advertising budget, but it also allocates an undisclosed amount of money for its considerable cultural undertakings. Nowhere is this more true than with its Venetian showcase, the Palazzo Grassi. Designed in 1740 by the Venetian architect Giorgio Massari, the structure was bought by Fiat in 1984. The company assembled a team of top-notch talent to restore the building to its former prominence, and has inaugurated high quality shows there. The most recent, "The Phoenicians," ended its six-month run this month and broke records for a museum exhibit in Italy, attracting 750,000 visitors.

Even more experienced at mounting record-shattering exhibits is Olivetti, which in 20 years has presented more major shows at world-class museums than any other

company its size, Italian or otherwise. One of its best-known projects, the exhibit "The Horses of San Marco," toured London, New York, Mexico City, Paris, Milan and Berlin between 1979 and 1982. At the Metropolitan Museum in New York, it drew 800,000 visitors in three months, the second-largest crowd ever for a show there.

Paolo Viti, Olivetti's director of cultural relations, explains: "Three things are important when talking about our involvement in the arts. First, we don't 'sponsor' shows. We create them from scratch. Second, we have been doing this a long time. We can supply organization, preparation of display materials, documentation by experts in the field. Third, money alone is not enough. Relationships with museums count a great deal. After all, we are working with museums, not competing with them."

For his company's long-standing involvement in the arts, Olivetti's president Carlo de Benedetti last year received the Hadrian Prize from the World Monument Fund. The award is given each year to an international figure who furthers the tradition of arts patronage. That an Italian was the recipient is not surprising; the descendants of the Medici are alive and well and living in Milan, Turin, Siena and Rome as well as Florence. *Claudia Fisi*

Private Sector Battles

Continued from page 9

technology, and now it is poised to take advantage of that."

The boom is not restricted to investment goods; consumer demand has also been maintained at high levels. And inflation is another record for Italy to be proud of. From a high of 23.1 percent in 1985, Italy will enter the 1990s with a rate stabilized at around 5 percent.

But there is room for improvement. People without a job own account for some 12 percent of the Italian workforce. Unemployment has not tended to be a concern of the private sector, but industry has been more successful than the government in alleviating the problem. Marco Sylvani, economist for Banca Commerciale Italiana in Milan, says: "In the Mezzogiorno [Southern Italy], private rather than public sector interest has been responsible for the economic rejuvenation of places like Bari and L'Aquila. Fiat's plant in Avellino has had considerable multiplier effects in that area."

Mr. Patrucco adds: "There are two types of private sector in Italy. Those which have already been exposed to the winds of international competition need have no fear; those which have been protected by laws, such as the banking sector, are finding change much tougher." Dr. Bruno Lamborghini, vice president for corporate strategic planning and analysis at Olivetti, says: "Industrial companies or even nations unable to take part in this evolutionary process may rapidly find themselves pushed aside by those that can. In Italy the 1992 deadline should spur efforts to renew aging infrastructures."

The Italian government, which has a bad name because of the amount of time it takes to respond to Community initiatives, is trying to confound its critics. For instance, on October 1, there was a sweeping deregulation of the foreign exchange laws, which will all have to go by 1992, allowing, among other things, Italian residents to borrow foreign currency from their banks. Mr. Patrucco welcomes the general air of deregulation but is wary: "The authorities are now discussing a new anti-trust law. What we are afraid of is that it will herald a new era of re-regulation."

Banca d'Italia — Italy's central bank — publishes figures for the total amount of foreign investment in Italy and these show a substantial increase in the amount of money

coming into the country: 17 trillion lire in the first seven months of this year compared to 6 trillion for the whole period from 1981 to 1987.

The heyday of foreign investment on Milan's stock exchange was in 1985-86. Then, many overseas investors got their fingers burned on an archaic settlements system, and were not quick to come back. Piazza degli Affari has seen significant foreign interest over the past few weeks but prices still appear reasonable by international standards. Antonio Profico, in charge of foreign clients for Carlo F. Pastorino, a Milanese stockbroker, says: "The market has all the necessary ingredients for a re-rating."

While many brokers feel that the insurance sector is expensive, Mr. Profico is not so sure. He says: "It has almost peaked for this year, but is still quite attractive because of the bad shape of INPS, the state pension scheme, and the planned introduction of private pensions." Retailing and building supplies are other favored sectors.

Telecoms, which is trading with an average of 10 times earnings and 2.5 times cash flow, also has good prospects, with a complete overhaul of the Italian phone system in the offing. Much of this, however, the market has "already discounted," says Massimo Bandini, an analyst with the Milan brokers Studio Brioschi. Mr. Bandini berates the limited size of the market: "The small number of stocks available on the exchange is a major problem." Indeed, insurer Generali alone accounts for over 13 percent of total market capitalization. For smaller Italian companies, thirsty for an injection of liquidity, the stock exchange has not proved to be a realistic option. But there is cause for hope. The introduction of open-ended investment funds — and at a later date, pension funds — should add much-needed liquidity and make it easier for smaller companies to be listed.

For those who would like to invest in Italy, perhaps for reasons of geographical diversification, and who want an easy way to buy into the market, the brokers Aletti have recently launched what they call the Aletti 25. This is a basket of stocks which have been chosen to track the market, and the closest thing to indexing that Italian law currently allows. The stocks account for 58 percent of market capitalization, and have outperformed the market since 1984.

Guy Fitzmorris

Selenia: an Italian reality in the electronic world

Italy is experiencing a boom in a field, which for the 000 specialist may be considered unexpected. Fashion, shoes, cars have long been the areas in which the Italian flair has been world famous. However, professional electronics has become one of the areas in which Italy has begun to play a major role. Italy was one of the first European countries to sell radars to the United States Forces: these sales came from Selenia in team with Sperry (now Unisys Corporation).

Selenia Elsig Group

Selenia is the leading company of RSE (Selenia Elsig Group), a complex of nine closely coordinated Italian industries, of the State owned IRI/STET holding, which operate in the field of large systems for professional electronics. Together the companies employ 13,000 people, 60% of which are graduate engineers or technicians.

The sphere of activity of the group ranges from defence systems and their related logistics to air traffic control; from computer aided design to integrated space systems; from factory and services automation to process control; from pollution control to biomedical electronics.

Air traffic control in 38 countries

Selenia was created in 1960 by the merger of two companies already operating in



The Air Traffic Control Center of Mazatlan (Mexico) realized by Selenia

radar and professional electronics. One of the shareholders was Raytheon and one of the biggest programs in which Selenia was involved at the beginning of its activity was the Hawk missile program.

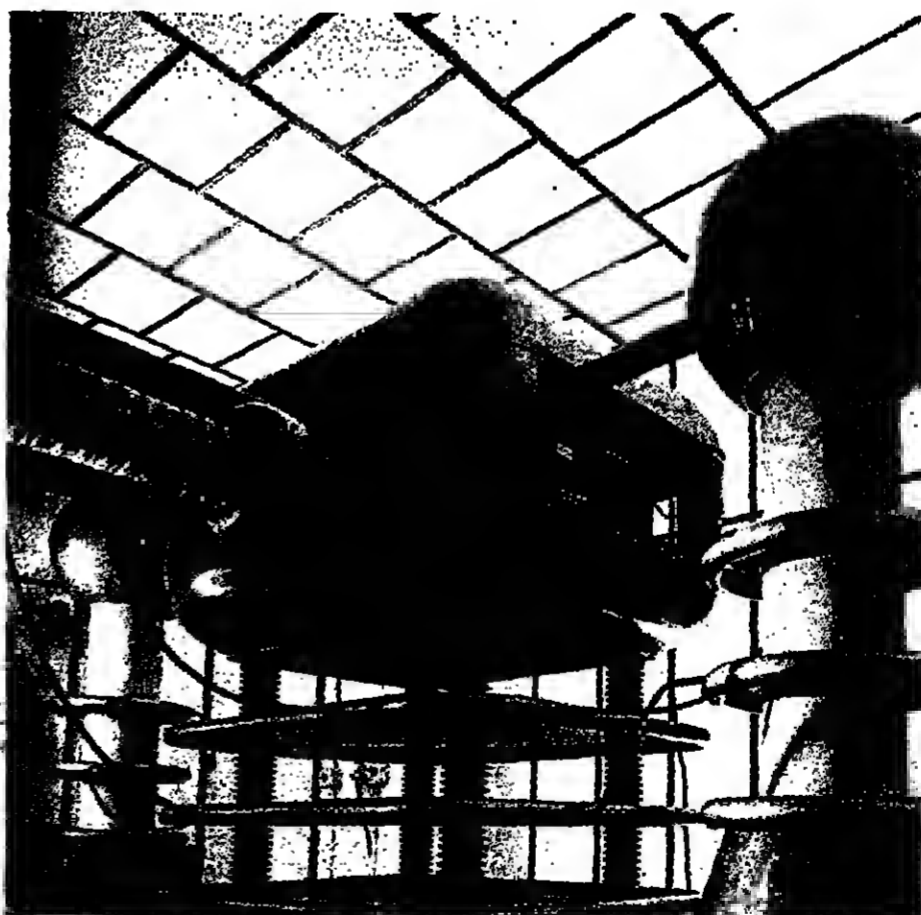
This invaluable experience enabled the company to rapidly develop its own technological base. Selenia has reached a particularly high level of technology in all the sectors

in which it operates. For example, it is one of the world's leader in the production of radar systems for air traffic control with installations situated in 38 countries across the globe.

In fact, during this year Qatar, Argentina, Finland, Australia, Ungeria, Colombia and Somalia ordered Selenia's ATC systems after a hard fought battle with all the main

international companies operating in the sector.

It is on the experience gained in air traffic control that Selenia has drawn in order to diversify into the related civilian sectors of maritime traffic control and meteorological radars, and to contribute to environmental protection with its agricultural meteorology systems and water and atmospheric pollution measuring systems.



High energy ion-implantor installed in a research laboratory of Selenia

The other Companies of the Group

Electronica San Giorgio-Elsag is in order of size the number two company of RSE.

The Company's activity is carried out in three sectors: services automation (including mail sorting), factory automation and naval defense.

The Company's presence in the world's markets is promi-

nent and at a high level: its products are currently in use in twenty five countries across the world, from Europe to Latin America, from the U.S.A. to the Middle and Far East.

In the United States, for example, Elsig has contributed to the automation of the postal system with its electronic address readers, machines which are able to automatically sort

correspondance. Over one hundred of these systems are presently in use in the American postal service.

RSE's other companies have likewise achieved worldwide recognition.

Since the 1960, Selenia Spazio, for example, has taken part in the most important Italian and international space programs, designing and constructing satellite and earth

station systems and subsystems for telecommunications, meteorological and earth observation applications.

Among other commitments, Selenia Spazio has taken part in most of the Intelsat satellite programs.

DEA is a world leader in the field of automatic measurement machines. The US aerospace and automobile industries are its most important customers.

Vitroselenia (civilian and military support infrastructures) Esacontrol (instrumentation and monitoring systems), Italcad (CAD for layouts and architectural applications), Esaote Biomedica (electronic systems for medical applications) and SELAF (an Elsig-IBM joint-venture operating in industrial automation) are to be counted in the technological front line.

The Selenia-Elsag Naval Systems Consortium

The Selenia-Elsag Naval Systems Consortium is the industrial unit through which Selenia and Elsig compete on the world's naval defence market. Both already well-known in the naval defence sector, this union has enabled them to further consolidate their presence worldwide.

Selenia-Elsag products include radar and optronic systems for surveillance and tracking, command and control systems, fire control systems, rocket launching systems, electronic warfare systems, underwater systems and systems for coastal surveillance.

سكزانت اللدصل

Sample of the Fashion World's New Global Design

What do Jean-Paul Gaultier, Martine Sitbon, Azzedine Alaïa, Christian Lacroix, John Galiano, Katharine Hamnett, Sybilla and other ascending fashion luminaries have in common? All are young, all push the limits of fashion design and all have some or all of their production based in Italy.

The Italians seem to be not only admired and copied worldwide for their fashionable lifestyle, but sought after for their inimitable production quality and flexibility in clothing, shoes and accessories.

It is not news that designers work in Italy. Established names like Yves St. Laurent, Christian Dior and Pierre Cardin have used Italian manufacturing for years. The new trend is the influx of young, spirited international designers: in last sea-

son's "Contemporary" fashion fair in Milan, devised to introduce new designers, 50 percent of those shown were non-Italian and 80 percent of those had Italian manufacturers.

Tino Cosma, president of the Italian Apparel Manufacturers Association (IAMA), says: "The Italian fashion industry is unique. It's made up of hundreds of flexible, small-to-medium-size companies that can give big and small designers alike a great selection of production possibilities to choose from." The association says Italian manufacturers are willing to take risks with young clients.

Adriana Gentile, owner of Blue-line in Northern Italy, explains why foreign designers are flocking to Italy for production: "Without question, Italian quality is a number one factor," she says. "But we also have a great selection of fabrics with *molto fantasia* (imagination) that can't be found anywhere else." Her company, whose exports reach 60 to 70 percent of its turnover, produces Bill Kaiserman, an American designer who lives and works in Italy; Piero Panchetti, an established Italian designer; and John Rocha, an emerging young Irish designer who works out of London. Mr. Rocha says: "The Italian manufacturers let you do your own thing. They don't try to tell you how to design; they respect your creativity."

"Fashion is becoming less and less regional."

Italian manufacturers try to satisfy demands of foreign talent while also promoting their compatriots. Genny Moda SpA produces its own Genny and Byblos labels and Christian Lacroix collections. Gibò produces its own Zuccoli line as well as Jean-Paul Gaultier and Sybilla while Marchi e Valori produces the Gaultier Junior line. Gruppo Alma SpA produces Thierry Mugler, Lolita Lempicka, Martine Sitbon, and Junko Koshima; Ball-Collico produces Katharine Hamnett.

Italian exports in the sector are still growing, though not as quickly as a few years ago, and imports are growing at an even higher rate. IAMA reports that exports grew 1.6 percent in 1988 from 2.909 trillion lire (\$2 billion) in 1987 to 2.956 trillion in 1988. Imports grew 14.5 percent from 692.3 billion lire in 1987 to 792.7 billion in 1988. Major export markets for combined IAMA members are Germany at 26.5 percent, the United States 13.3 percent, France 12.7 percent, Switzerland 7.5 percent, the United Kingdom 6.3 percent, and Japan 4.9 percent. Sanja Lencek, head of Umberto Giocchetti's marketing office, says: "The USA is still our prime target market, even though the dollar has fallen in these last three years. America has always been difficult."

Spain is not yet on IAMA's exports list, but Italian fashion houses see Spain as the new frontier, ripe for development and perfectly adapted to "Made in Italy" products. Each country creates its own medium-level consumer product industry, but higher priced goods are international and Italy will have its best opportunities in Spain with this sector.

Gianfranco Ferré's marketing director, Gianfranco Barbetti, says: "We're interested in Spain. The Spanish have a Mediterranean lifestyle similar to ours and they love nightlife even more. They like to eat out later, go to clubs, dress up and have status symbols."

The Salvatore Ferragamo company, maker of clothing, shoes, and



Italian fashion moves into new markets; above, an Armani suit.

accessories, is watching Spain "with a lot of attention." Ferragamo has recently opened a boutique in Barcelona and is establishing distribution in Madrid. A few companies, like Ermengildo Zegna, already have established themselves in Spain. Giorgio Armani is expanding there, with boutiques in Madrid and Barcelona and four Emporio Armani stores being established in major Spanish cities.

IAMA's Mr. Cosma says that since entering the EC, Spain has been loosening up its controls on imports. "The Spanish are becoming less obstructionist," he says. "There used to be high duty charges on goods, nightmarish red tape and quotas. But it's getting easier to get products on the market now."

Clearly, the fashion industry is building up for 1992. According to Mr. Cosma, "Fashion is becoming less and less regional. Probably, because of television, films and magazines, the limited market is gone. It's now the universal market with all the accompanying possibilities and challenges."

Janette Martin

Public Sector Deficit Cuts

Continued from page 9

nor benefits but will increase revenue. A rough and ready scale for assessing the presumed income of lower level self-employed workers is to be introduced, while a controversial feature would pardon former self-employed tax dodgers in return for payment of a certain sum. Value added tax is being increased.

Local authorities will receive less funds from the central government but will themselves be able to increase certain local taxes. Ceilings are set on future expenditures on state employees, thus ending a period of generosity. Subsidies are cut for public services, and also for opera houses and theaters. The government has given priority to getting the package approved on schedule.

The government's attitude was welcomed in a speech by Carlo Azeglio Ciampi, governor of the Bank of Italy, who said: "The intensity of its action undertaken against expenditure testifies to the government's will to pursue its planned objective."

During October and early November the opposition in Parliament dug in its heels and the package risked getting bogged down amid more than 600 amendments tabled in the Chamber of Deputies. Then, in mid-November, the Communist opposition agreed to contemplate a timetable, enabling most of the package to go through the Chamber and, subsequently, the Senate by the end of the year.

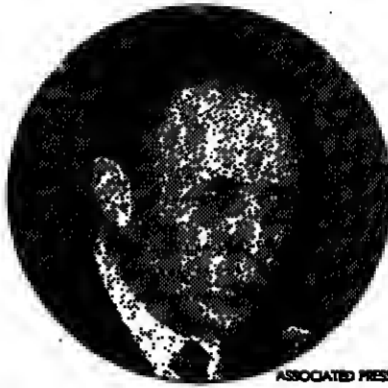
The government is less vulnerable to snap defeats than its predecessors since a recent reform limited the use of secret votes that provided a chance for coalition rebels to turn against their own party anonymously. The package has, however, undergone some modifications in Parliament and the price for the opposition's green light may be further concessions. The final target, nonetheless, should not be far from the government's objective of a 1989 budget deficit of 117.35 trillion lire. In July projections had indicated a likely deficit of 147.5 trillion lire, hence the urgency of the maneuver to drain some 30 trillion lire. The deficit results from government spending well above 400 trillion lire and revenues above 300 trillion lire.

The deficit is already uncomfortably high this year. Governor Carlo Azeglio Ciampi of the Bank of Italy says it will be more than 118 trillion lire, thus overshooting by some 15

trillion lire the target set a year earlier.

About 70 percent of the deficit goes on servicing the public debt, which in September reached the psychologically important level of 1,000 trillion lire. With lire interest rates in double figures, this is a serious problem, especially as much of the debt is short term. The Treasury has been trying to lengthen maturities on its securities, but without success. In fact, Mr. Ciampi points out, short term (up to 12 months) bonds represented nearly 50 percent of all treasury bond issues during this period, which was more than double their share of the same period of 1987. This fall, however, the outlook has improved.

Already this year the government began to change course, with a series of minor increases in taxes and in prices of controlled items and



Carlo Azeglio Ciampi, Governor of the Bank of Italy.

services. After years of an *allegro* (happy go lucky) attitude among politicians towards public money, bankers and industrialists say government members now show a greater sense of responsibility.

The Bank of Italy is among those who have been preaching financial discipline. Mr. Ciampi has in his speeches hammered on the theme that public spending, or rather over-spending, is the central question for the economy. It was he who pointed out that Italy accounts for 19 percent of the EC's product but 29 percent of its public debt. Pressure on the politicians has also come from industry and the labor unions. Sergio Pininfarina, president of Confindustria, the Confederation of Private Industry, called on the leaders of all the political parties separately in order to impress his views on them before the finance bill debate began.

Mr. Pininfarina says: "It would be serious if the budget maneuver were mutilated in Parliament, while it is to be hoped that it can be improved." Priorities after passage of the bill would be, he says, "Reforms of public transportation, health and pension services."

Last April Confindustria organized a convention on public finances in Naples, attended by top industrialists. Among suggestions advanced, Gianni Agnelli, chairman of Fiat, the country's biggest private corporation, recommended the establishment of a private mail service to compete with the scarcely functioning public monopoly. In general, however, industrialists are not campaigning for privatization, although the public sector is estimated to account for one third of economic activity. Rather, the industrialists demand from government more efficiency.

Pressure from the unions focuses on taxation. The three confederations — the Communist-led CGIL, the Catholic CISL and the Socialist-led UIL — mobilized over 200 thousand supporters for a rally in Rome on November 12 to call for a fair taxation policy. Divided on other issues, the three have no difficulty in remaining united on this, for salary and wage earners pay income tax in full — it is deducted at the source — while many employers and self-employed workers get away with a high level of evasion. Many politicians expressed sympathy with the union's complaints, such as Antonio Cariglia, secretary of the Social Democrat party in the coalition, who commented: "The Rome demonstrators are quite right. The fiscal injustice in our country is scandalous."

An investigation by the state television network RAI disclosed that boutique and souvenir owners of Venice, judging from their tax returns, must live in poverty on average annual earnings of 14.5 million lire (\$12,000). Mr. Giorgio Benvenuto, general secretary of UIL, estimates that income tax evasion this year amounts nationally to 52 trillion lire and underpayment of value added tax to 20 trillion lire. In other words, if the government collected taxes efficiently, its deficit would no longer be a serious problem. Otherwise, economic indicators are set fair — growth this year is forecast at 3.6 percent, while inflation should remain below 5 percent. As the leaders of banking, industry and labor point out, the government should now get its house in order, if the country is to enjoy prosperity in the barrier-free Europe of the 1990s.

John Earle

The scenario.

From 1992 the open European market means that products and services will no longer be constricted by national boundaries. Competition will become more aggressive. Products and markets mature even more rapidly. These elements, the elements that will characterize the nineties are easily recognised, even if it is difficult to identify the way that they will come together. What is certain, however, is that once again change will accelerate and once again companies will have to face up to new situations. They will have to guide and mould change to suit their own operating needs and capitalise on change as an occasion for growth and development, if they don't want to be swept away.

Olivetti, Europe's leading manufacturer of information technology and office automation products and systems has already started to answer the problems caused by these changes.

The solutions.

The history of technological innovation in the computer industry has been the history of a handful of companies. One of them is Olivetti. In the fifties, Olivetti was involved in the first European main-frame project; in the sixties, it launched the world's first desk top programmable computer, the P 101; and in the seventies, it introduced the first electronic typing systems.

It is not, however, merely a question of technological prowess, it also involves a deep understanding of the market and the client's needs.

In the space of 12 months, this combination of state-of-the-art technology and practical, cost-effective solutions has led to major enhancement of Olivetti's total product range. An exceptional achievement unequalled by any other company.

During this period, Olivetti has announced three major developments in information technology:

- the launch of ET/ETV series, the first range of secretarial workstations designed to change and grow according to individual needs - "Personal secretaries for secretaries";
- the introduction of a new PC family built around "choice of freedom" which respects the rights of customers and does not lock them into pre-determined paths;
- the announcement of Open System Architecture, a new system that overcomes the problems of incompatibility between standards, offering genuine integration of computer equipment from different manufacturers. It allows users to upgrade and protect their investment. This safeguard of continuity is symbolised by "The Bridge" linking past, present and future.

The structure.

Olivetti is a major force in information technology and it has its roots in Europe. Its factories which are equipped with sophisticated advanced automation processes, produce high quality products such as personal

BRIDGING THE PRESENT AND THE FUTURE.

computers. The Scarmagno plant alone, has a capacity of 750,000 machines a year. This makes Olivetti the major producer in Europe of personal computers.

In the last five years, the company has invested around one thousand million dollars in research and development. Over 4,000 employees are involved in this area, which is equal to seven per cent of the group's personnel, in more than 10 countries in Europe and North America. In addition, Olivetti has developed a network of technological and commercial alliances through both joint capital ventures and participation.

Olivetti is present in more than 30 countries with its own subsidiaries. It ensures a presence in other countries through a series of joint sales agreements by working with local agents. Around the world there are more than 9,000 technicians who guarantee the servicing of Olivetti products. This technical assistance has been extended to cover not only Olivetti products but also those of other manufacturers.

The challenge.

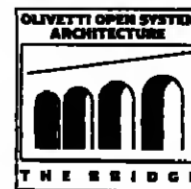
Today, Olivetti offers a new opportunity for growth and development for everybody: customers, investors and employees.

For their customers, Olivetti has designed products that recognise their need for autonomous and effective choices in information systems.

For investors, Olivetti has made important strategic decisions guaranteeing maximum readiness and flexibility, taking into account the needs of the market.

For employees, Olivetti offers a company philosophy that commits vast resources to the creation of a new professionalism and to the development of individuals within a common culture.

In fact, the Olivetti philosophy has always been to take state-of-the-art technology and to develop it into practical solutions that the market can use. A simple philosophy but one that works. A bridge from the present to the future.



Olivetti is represented in all European, Far Eastern and Western countries.
Corporate Headquarters: Ing. C. Olivetti & C., S.p.A., via Jervis 77, 10015 Ivrea (To), Italy.

olivetti

Travel: Stepping Out in The Heel of Italy's Boot

"La gente di Bari o vende o muore" (the people of Bari sell or die) is a local saying that aptly describes this bustling capital city of the southern Italian region of Apulia (Puglia in Italian), the "heel" of the boot shape formed by the Italian peninsula.

Each September, the city's Fiera del Levante displays Bari's wares in the second largest trade fair in Europe. This past September, over 3,000 exhibitors attracted two million Italians and thousands of foreigners to this city of just over 360,000 inhabitants, a good indication that Bari is both selling and thriving.

Despite the fact that Bari ranks among the most organized cities in

Business is conducted to relaxed, formal rhythms

Italy's largely undeveloped Mezzogiorno, or South, business is still conducted here to the region's relaxed and slightly formal rhythms. Business people are elegantly outfitted and groomed. Handshakes are common. Titles such as *Ingegnere* (engineer), *Architetto* (architect), *Avvocato* (attorney), and *Dottore* (used for medical doctors and anyone with any college degree) are bestowed in conversation with great respect. Polite small talk precedes all transactions, and one of the most pleasurable aspects of conducting commercial affairs in Apulia is the custom of the lengthy business lunch. Typically, it consists of such regional specialties as the ear-shaped pasta called *orecchiette* followed by local fish or roast lamb and accompanied by the ring-shaped bread called *scadattelli* and the robust local wines — many of which are used to reinforce the weaker wines of the north. One of the nicest places in town to sample the cuisine is *Vecchia Bari* (Via Dante Alighieri 4; tel. 080-216496), an old-fashioned oasis in the grid-like streets of the new part of town.

The Fiera del Levante is just one event that fills Bari's fairgrounds. Among the trade fairs scheduled for 1989 are shows of office equipment (February 16-20); contemporary art (March 16-20); Italy's art academies (March 16-20); period postcards, prints, and antiquarian books (March 18-19); stamps and coins (April 1-9); bridal wear (April and September); footwear (May and

October); horses (June 8-11); and finally the Fiera del Levante (September 8-18). Convenient and pleasant accommodations may be had at the Sette Mari Hotel (Via Verdi 60, tel. 080-441500) near the fairgrounds.

Those with free time in Bari should have a look at the *Città Vecchia*, or old city, a slightly run-down part of town on a promontory. The visit is recommended for daylight hours only, since the area is reportedly dangerous at night. Among its monuments are the cathedral of San Nicola di Bari (the original Santa Claus) and a castle erected by Frederick II, the 13th-century Hohenstaufen emperor who was Apulia's most historically prominent figure. Outside the old quarter are the Museo Archeologico (an important archaeological museum), the Pinacoteca Provinciale (an impressive provincial art gallery), and the Teatro Petruzzelli (Italy's third-ranking opera house, where the season runs from January to March). Those with flexible schedules should also make a trip to Apulia's leading architectural monument, Castel del Monte. It is an octagonal stone structure built by Frederick II for use as a hunting lodge and retreat, and is still quite off the beaten track.

Though Apulia's main event for business travelers is Bari, many other cities in the region offer attractions for business and pleasure. Foggia, an agricultural center and the provincial capital of northern Apulia, holds its own trade fair — the Fiera di Foggia — each May and November, and offers accommodations and an efficient regional restaurant at the Hotel Cicolella (Viale 24 Maggio 60; tel. 0881-3890). For those with a car, Foggia is also a good base for a drive around the Gargano peninsula, a rocky promontory ringed with picturesque fishing villages and covered with a thick forest called the *Foresta Umbra*.

Down the coast from Bari is Brindisi, which has the safest natural harbor on the Adriatic. It marks the end point of the ancient Roman Via



Bari, lively port for tourism and trade in Apulia.

Appia, one of whose old commemorative columns still stands overlooking the port. The port was used by the Romans, Crusaders, and now the numerous hydrofoils that leave Italy for Greece. The business traveler is likely to be drawn there for its shipping industry, its extensive agricultural production, or its Montecatini-Shell synthetics plant on the outskirts of town. In town, accommodations are offered at the Hotel Majestic (Corso Uniberto 1, 151; tel. 0831-222941). Though the city itself is obviously dedicated to commerce, in the nearby countryside are the delightful beehive-like structures called *trulli*. A whole city of them is at Alberobello, where one trullo contains a restaurant called *Trullo d'Oro* (Via Cavallotti 29; tel. 080-721820), serving local *Ismb* specialties.

South of Brindisi is Lecce, known as "the Florence of the Baroque" because of the florid churches and palazzi carved out of the local golden stone, which make Lecce the most beautiful town in Apulia. Its crafts tradition still flourishes, the main products being papier maché and painted terra-cotta figurines sold throughout the year, especially during Christmas. Lecce offers accommodations in the form of the old-fashioned, centrally located Hotel Risorgimento (Via Imperatore Augusto 19; tel. 0832-42125) and the modern President (Via Salandra

6; tel. 0832-51881) on the outskirts. Both hotels have excellent restaurants.

On the instep of the boot of Italy lies Taranto, a modern industrialized city and headquarters of Italsider, Italy's largest steel corporation. Taranto's best two hotels, Grand Hotel Delfino (Viale Virgilio 66; tel. 099-3205) and Plaza (Via d'Aquino 46; tel. 099-91925), are both centrally located. Like Bari, Taranto has a crumbling *Città Vecchia* or old city worth a ramble for those with free time, though as with Bari, a daytime visit is advisable. In addition to its industry, Taranto's importance lies in the fact that it was the ancient Greek colony of Tarentum, and it proudly displays its Greek past at the Museo Archeologico, Italy's most important museum of its ancient Greek artifacts. Other local bounty may be sampled at the city's best restaurant, *Al Gambero* (Vico del Ponte; tel. 099-411190).

For more information on business travel in Apulia, contact the regional tourist office (Corso Italia 15; tel. 080-213134) and the provincial offices in Bari (Piazza Moro 33/A; tel. 080-228855), Foggia (Via Sen. E. Perrone 17; tel. 0881-23650), Brindisi (Via C. Colombo 88; tel. 0831-222126), Lecce (Via Monte San Michele; Tel. 0831-54117), and Taranto (Corso Umberto 121; tel. 099-24457). **Dwight V. Gast**

Trade Fairs Encourage Internationalization

Fiera Milano, Milan's trade fair organization, is approaching its eighth decade with confidence and has set its sights high. Secretary General Gino Colombo has declared that by the year 2000, Fiera Milano will be "the best equipped fair in the world."

Next year Milan hosts its 67th "Great April Fair" in conjunction with the Italian Foreign Ministry, which the Fair sees as being its most impressive project to date. This year, the fair attracted over 1.3 million visitors, of which an eighth were from overseas. The participants saw nearly 2,500 exhibitors from 74 different nations.

One of the major attractions for the 1989 April Fair will be a 2,500-square-meter (around 28,000 square feet) exhibition sponsored by the Soviet Union, returning a compliment paid by Italy in Moscow last year at the "Italia 2000" exhibition. Exhibitors from Latin America, Africa, the Far East and the United States will also be present. The EC intends to use the occasion as a vehicle to publicize its vision of the single European market in 1992. Of course, the fair itself is not missing the chance to play on the importance of internationalism as the 1992 deadline approaches, enjoining businesses to use the event to help themselves develop their European strategies.

To help participants do business, the fair has instituted a "Foreign Trade Salon." This provides computing and interpreting facilities and a news service; it also houses delegations from numerous trade and tourist bodies.

Milan Fair Overseas Exhibitions (MFOE) was set up in 1983 to foster the fair's international development. Over its five-year existence, it has flown the flag as far afield as Panama and New Delhi. As well as its representation at trade fairs

worldwide, the company has set up a more permanent presence by opening offices in the United States, West Germany, France, and India. Plans are afoot to extend that network to Switzerland, Spain and England.

In addition to the "Great April Fair," Fiera Milano organizes some 90 different specialized exhibitions during the year, with industries represented ranging from fashion to car components.

Ente Autonomo per le fiere di Bologna, Italy's other major trade fair organization, has played host to some 15,000 exhibitors in 1988, and been visited by nearly a million trade professionals, of whom over 12 percent were from abroad. Bologna counts among its most important exhibitions those for fashion, such as SIMAC and COSMOPROF, construction (SAIE), children's books and technology. Fair President Dante Stefani says: "European integration and the internationalization of production processes are increasing the importance of exhibitions in the international marketing of goods."

Bologna's plans for development also stress internationalism. The Fiera has taken building trade fairs to China and Russia, and book fairs to Greece and Germany. One of its domestic initiatives is the Bologna-Modena-Ferrara fair complex, which will coordinate events between the three centers, both complementary and independent from the ones held in Bologna. This fair "pole" will have a combined exhibition area of over 200,000 square meters.

Guy Fitzmorris

John Earle is a freelance journalist living in Trieste who contributes regularly to the London Times.

Guy Fitzmorris is a freelance financial journalist based in Milan.

Claudia Flisi is a freelance writer based in Milan and Monte Carlo.

Dwight V. Gast recently wrote about Apulia for the Penguin Guide to Italy.

Michael T. Kinnicutt is a freelance writer based in Milan.

Geoffrey Lipman is executive director of the International Foundation of Airline Passengers Association, Geneva.

Janette Martin is a freelance journalist based in Milan.

Lisa Rosenthal is the Italy correspondent for Lafferty Publications, Ltd., London.

Janet Stobart is a freelance journalist based in Rome.

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unrivalled combination of fire resistance with sound and heat insulation.

Aqueous polymer dispersions are replacing solvent-based systems in building paints and coatings for roof tiles. Their use in reinforced and pre-stressed concrete helps keep bridges safe and sound. These polymer dispersions also play a useful part in preserving historic buildings.

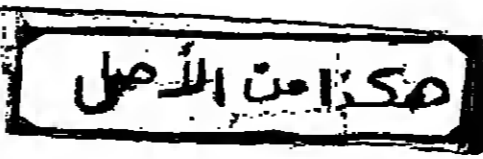
These are but a few examples of how our innovations, developed through close co-

operation with the international construction industry, are helping the industry build for today and tomorrow.

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Tuesday's NYSE Closing

Table with columns for stock symbols, prices, and changes. Includes sub-sections for 'Continued' and 'NYSE High-Lows'.

Main table of stock market data with columns for 12-month high/low, stock symbol, price, volume, and change.

Table of international stock market data, including sections for 'Company Results' and 'Total of France Seeks Norwegian Oil Holding'.

Table of NYSE High-Lows and other market indicators.

Company Results

Table of company financial results with columns for company name, revenue, and profit.

Total of France Seeks Norwegian Oil Holding

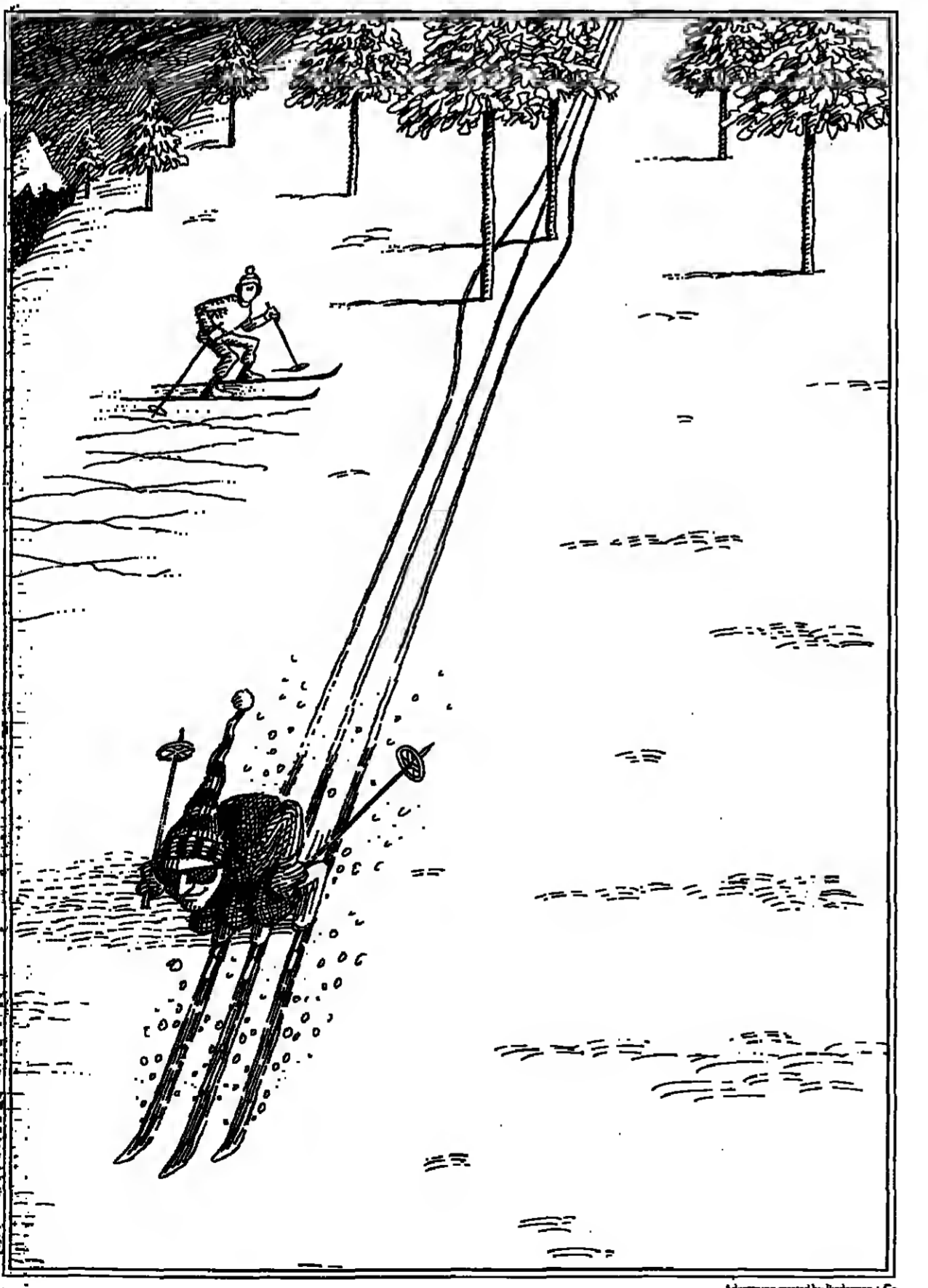
OSLO — The Norwegian subsidiary of Compagnie Francaise des Petroles, known as Total, said Tuesday it planned to spend around 950 million kroner (\$144.3 million) to buy almost one-third of the Norwegian oil firm, Saga Petroleum A/S.

NYSE High-Lows

Table of NYSE high and low prices for various stocks.

Drop in Price of Metals Is Predicted Next Year

LONDON — Prices of key nonferrous metals, many of which hit record levels this year on strong demand and tight supply, will probably fall next year, the Economist Intelligence Unit said Wednesday.



A CORPORATION WITH THE RIGHT UNDERPINNING CAN PROCEED UNFLINCHINGLY, COME WHAT MAY.

Around Emhart Corporation, we talk about the new line of business we've gone into recently as our third leg. Which is one leg more than we had a year ago. Better underpinning to surmount obstacles and pick up speed.

EMHART A GREAT NUDGE FORWARD logo and branding.

Handwritten Arabic text: صك من الأصل

YUGO: Low Prices Fail to Overcome Image and Engineering Problems

(Continued from first finance page) following steep financial losses at Global Motors in recent months, is seeking new capital and is willing to sell all or part of its interest...

million tax-loss carry-forward as a principal asset, the potential investors said. Although it is serious, Global Motors' position is not hopeless...

ECU MULTIPLACEMENT Avis aux Actionnaires Convocation. Nous vous prions de bien vouloir assister à l'Assemblée Générale Ordinaire de l'ECU MULTIPLACEMENT...

"The bottom line is that the Yugo doesn't have a very positive image in the marketplace," Mr. Cedergrun said. "On the plus side, there definitely is a market for the car. They have a sleeper if they can convince the public they can maintain adequate quality levels..."

U.S. Futures

Table of U.S. Futures prices for various commodities including Grains, Soybeans, Soybean Meal, Soybean Oil, Lumber, and Cattle.

Currency Options

Table of Currency Options prices for various currencies including Australian Dollars, British Pounds, and West German Marks.

Financial

Table of Financial market data including U.S. Treasury bonds, U.S. Treasury bills, and various interest rates.

Table of Commodity and Stock Indexes including S&P 500, NYSE, and various commodity prices.

JAPAN

will be featured in a special news report, prepared by the editors of the International Herald Tribune. It will appear on Monday Dec. 5. Don't miss this important issue.



There's never been a guide to Asia like this. A unique and invaluable IHT guide for the business traveler in Asia. McCabe has all the basic information without frills or irrelevancies...

Paris Commodities

Table of Paris Commodities prices for various goods like sugar, coffee, and cotton.

London Commodities

Table of London Commodities prices for various goods like oil, metals, and grains.

DM Futures Options

Table of DM Futures Options prices for various contracts.

Forward Deals

In the Malaysian Ringgit Curbed. KUALA LUMPUR — Bank Negara, the central bank, has ordered commercial banks to halt forward trading in the Malaysian ringgit...

Dividends

Table of Dividends for various companies including Shell, BP, and others.

U.S. Treasuries

Table of U.S. Treasury bond and bill yields.

Spot Commodities

Table of Spot Commodities prices for various goods.

TO OUR READERS

IN HOLLAND. The International Herald Tribune is now on newsstands throughout Holland every morning six days a week...

London Metals

Table of London Metals prices for various metals like aluminum, copper, and zinc.

DM Futures Options

Table of DM Futures Options prices for various contracts.

Forward Deals

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Handwritten text at the bottom of the page: "مكتبة الأصيل"

LTV Taking \$2.26 Billion Charge for Benefits

By Thomas C. Hayes
New York Times Service
DALLAS—LTV Corp. has said that it will take a special charge of \$2.26 billion against its net worth to reflect the estimated accumulated costs of health and life insurance benefits promised to retirees through last December.

\$132.2 million in the third quarter if it had not taken the special charge.
Public companies typically do not include the estimated health and insurance costs for retirees in their financial statements.

reimbursement health and insurance plans.
Analysts said that reflected labor contracts dating from the industries' more prosperous times in the 1960s and 1970s.
The General Accounting Office recently estimated the total such commitments for all U.S. companies at \$221 billion, but some estimates run as high as \$1 trillion.

11,200 retirees and 6,500 workers on its payroll.
Mr. Powers said LTV included cost estimates for the benefit programs in a preliminary reorganization plan announced last May.
LTV is spending \$120 million a year on health care and life insurance for its retirees, with no cap on the expenses.

Krupp Shifts Its Forecast To a Loss

Compiled by Our Staff From Dispatches
ESSEN, West Germany — Fried. Krupp GmbH, the West German heavy industrial group, said Tuesday that it might record a pre-tax loss of up to 100 million Deutsche marks (\$57.9 million) this year.
Krupp had said Monday that it expected to break even in 1988.
Last year, Krupp's net profit sank sharply to 42 million DM, from 126 million DM in 1986.

Profit Increased 99% for Victor in Half

Compiled by Our Staff From Dispatches
TOKYO—Victor Co. of Japan, the major video and audio equipment manufacturer, said Tuesday that after-tax net profit rose 99 percent to 5.9 billion yen (\$48.1 million) in the first six months of the fiscal year ending Sept. 30.
Victor also said that it expects a parent net profit of 5.1 billion yen in the six months ending next March 31, compared with 5.6 billion yen for the year ended March 31.

between April and September last year, JVC officials said.
They attributed the profit increase chiefly to efforts to cut production costs.
For the year, Victor expects a current profit of 10.5 billion yen, compared with 17.3 billion, on sales of 306 billion yen against 578.90 billion. Earnings per share are seen at 21.39 yen against 23.48 and the dividend is forecast at 6.25 yen against 12.5 yen.

The comparative period is for the year ended March 20, 1988, because of the change in fiscal year.
(Ruters, AFP)

Table with columns: ADVISORY BOARD, INTERNATIONAL FUNDS, November 22, 1988. Lists various fund names and their performance metrics.

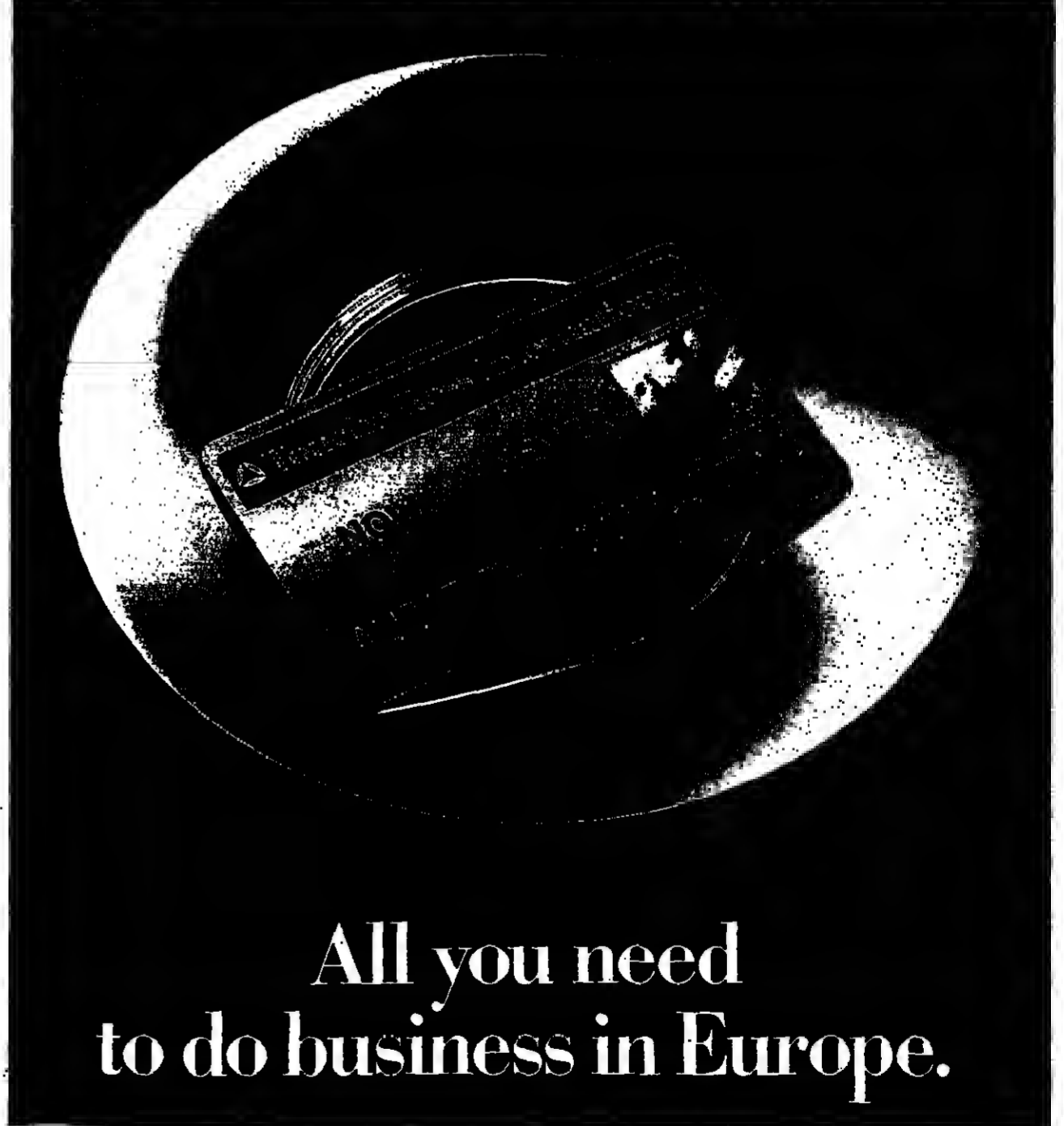
November 22, 1988
LTV executives asked the bankruptcy court in Manhattan on Monday to extend its deadline for filing a final reorganization plan to April 2, from Dec. 2.
The estimated earnings of \$132.2 million if the charges had not been taken were above the profit of \$109.7 million in the year earlier period. Sales for the third quarter were \$1.7 billion, little changed from the quarter a year ago.

Guaranteed Fund Launch

London Portfolio Guaranteed Company Ltd. is an important new international investment fund offered by London Portfolio Services plc (LPS). The Fund is registered in Bermuda. Its objective is to achieve a high rate of return through trading international futures contracts.
Capital Guarantee: A major international bank guarantees the return of an amount equal to the initial invested capital when the Fund matures in January 1994.
Strategic Investment: Futures funds are seen as an important complement to equity investment. A particular feature of these funds is the ability to make money on falling as well as rising markets. Many futures funds, for example, made excellent profits in the final quarter of 1987, which was so disastrous for equities. Through the international futures clearing broker, Cargill Investor Services Inc (CIS), and the expertise of LPS in guaranteed funds, the new Fund offers highly professional access to this key investment sector.

On Tuesday, Krupp said that revenue in the first nine months rose 3 percent from the year earlier figure of 9.8 billion DM. The company said all sectors, except industrial plant construction, contributed to the growth.
It said it expected total 1988 revenue of 14.6 billion DM, marginally up from 14.1 billion DM in 1987. Krupp GmbH is 70 percent controlled by the Alfred Krupp von Bohlen & Halbach Stiftung, a charitable foundation.
The other main stockholder is the Iranian government. Iran has a 25.01 percent stake that Krupp rumors have said it is trying to sell because of the company's disappointing results.

Berthold Beitz, 75, the chairman of Krupp's supervisory board, said in September that he would soon step down, and suggested that Krupp consider becoming a publicly quoted company.
Also Monday, the former managing director of the Krupp Stahl AG steel subsidiary was charged with fraud, the economic section of the prosecutor's department at Bochum said.
Alfons Gölde, 59, resigned in June 1986 and has been on bail for the past year. A former member of the board, Werner Resch, 52, and an unidentified senior purchasing manager have also been charged.
(AFP, Reuters)



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Tuesday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trading elsewhere.

Table with columns for stock symbols, prices, and changes. Includes sub-sections A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

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It was Portugal's ancient navigators that discovered and mapped two-thirds of the globe as we know it today... The Art of Exploring a Tradition... We fly the face of History.

Floating-Rate Notes

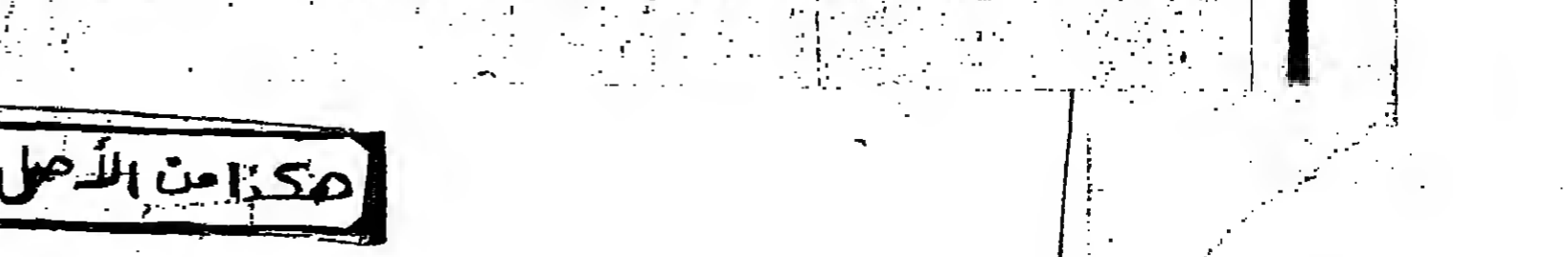
Table listing floating-rate notes with columns for currency, issuer, and bid/ask prices.

AMEX High-Lows

Table showing high and low prices for various stocks on the AMEX.

OBLI - DOLLAR Avis aux Actionnaires Convocation... Nous vous prions de bien vouloir assister à l'Assemblée Générale Ordinaire de OBLI - DOLLAR, Société d'Investissement à Capital Variable...

Table listing exchange rates for various currencies including Deutsche Marks, Pounds Sterling, and Japanese Yen.



CURRENCY MARKETS

Dollar Sinks Despite Intervention

NEW YORK — The dollar fell Tuesday, extending declines set in Europe despite repeated intervention by central banks.

Table with 3 columns: Currency, Bid, Ask. Includes Deutsche mark, Pound sterling, Japanese yen, Swiss franc, French franc.

But George DeLuna, a vice president and trader at Irving Trust Co., said, "The market is looking for something more specific," and without that, the dollar would remain weak.

Mulroney Win Lifts Level Of Currency

TORONTO — The Canadian dollar rose sharply Tuesday after the election victory of Prime Minister Brian Mulroney's Conservative party.

U.S. Investigates Japanese Construction Barriers

WASHINGTON — Under orders from Congress, the U.S. Trade Representative, Clayton K. Yeutter, has begun an investigation of Japanese practices that might bar American contractors from access to Japanese construction projects.

The agreement was intended to make it easier for American contractors to participate in 14 Japanese construction projects on which a total of \$17 billion is to be spent.

Japan awards nearly \$300 billion worth of construction contracts annually, second only to the United States, where contracts total about \$400 billion a year.

Oil Markets in Disarray on Iranian Remark

VIENNA — The Iranian oil minister, Gholamreza Aghazadeh, on Tuesday rejected any OPEC production deal that would allow Iraq to pump the same amount of oil as Iran, throwing world oil markets into disarray.

through the sixth day of talks in Vienna and the price of oil on world markets soared by almost \$1 per barrel.

an interpreter, told journalists, "I will never concede to parity."

ASSESS: Economy Rolls Along Despite Market Jitters

(Continued from Page 1) year, many economists and market experts thought that stock prices reflected the outlook for the economy and for corporate profits.

U.S. Approves Futures On Foreign Securities

WASHINGTON — The Commodity Futures Trading Commission approved on Tuesday the first U.S. futures contracts on foreign government bonds and stock indexes, tightening links between financial markets in Asia, the United States and Europe.

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Tuesday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. Includes a list of stock symbols and prices.

Table of stock prices for various companies, including symbols like AMV, AMX, AMZ, etc.

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BOOKS

THE GRAND GUIGNOL: Theater of Fear and Terror

By Mel Gordon. Illustrated. Paperback. 188 pages. \$12.95. Amok Press, P.O. Box 51, Cooper Station, New York, New York 10276.

Reviewed by John Gross

BLOODCURDLING shrieks, fiendish schemes, deeds of darkness, mayhem and mutilation—we all have a rough idea of what Grand Guignol stands for. But until now it has been hard to find out much more about it than that.

According to the American theater historian Mel Gordon, no major history of the theater so much as mentions it, although it is a form of entertainment that held its own in Paris for more than half a century.

In "The Grand Guignol," Gordon has made a thorough job of filling the gap. In addition to a concise history of the Théâtre du Grand Guignol, the book contains summaries of 100 Grand Guignol plots, the texts of two plays, photo documentation of three others and an essay on "Fear in Literature" by the Grand Guignol's most prolific playwright, André de Lorde.

The precedents for Grand Guignol go back as far as you care to trace them—to primitive blood rites if you prefer, certainly to the charnel house tragedies of the Elizabethans and Jacobites.

Gordon sticks to the story of the Théâtre du Grand Guignol itself, however, and that of its immediate precursors. First came the popular melodramas of the early 19th century. Then, in 1837, André Antoine founded the Théâtre Libre, which was formally dedicated to mounting naturalistic plays in the spirit of Zola.

As in the case of fiction, however, naturalism often proved another name for sensationalism, and the Théâtre Libre's staple offerings included lurid plays set in the French underworld.

It was a specialist in such pieces, Oscar Méténier, who in 1897 hired a former chaplain and turned it into the Théâtre du Grand Guignol. (Guignol is a popular French puppet show, named for its principal character. This was to be a puppet show for grown-ups, with flesh-and-blood puppets.)

Under Méténier and his successors, the new theater soon built up a faithful clientele, and by 1910 it was a recognized tourist attraction. Its palatial days were in the 1920s, when regular patrons included members of several European royal families; it survived World War II, but by the end of the 1950s what Gordon calls "a camp quality" had begun to overtake its productions, and it finally closed its doors in 1962.

Until its last decadent phase, people undoubtedly went to the Grand Guignol in order to be frightened. There was a fair amount of swooning, with rather more men fainting away than women (possibly, as Gordon suggests, because the men weren't supposed to cover their eyes at the horrifying moments).

It may seem odd that audiences didn't laugh as well, but the management guarded against this by what it called "the hot and cold shower" format. The plays were quite short, and in the course of an evening a pair of horror plays would generally alternate with a pair of light comedies or farces: You had your fun, and then you got down to the serious business.

Grand Guignol never really caught on outside the French-speaking world, except for a brief period in London in the early 1920s, when Sybil Thorndike—a leading classical actress—appeared in a series of horror

plays in which she was crushed by collapsible ceilings and otherwise disposed of.

The Grand Guignol influence on the cinema was much stronger, but eventually moviemakers learned to perform tricks that went far beyond anything the theater could hope to achieve with its stage blood and daggers with retractable blades.

That the Grand Guignol lasted for as long as it did, even so, suggests how keen a thrill its audiences got from seeing live actors miming torture and terror, before their very eyes. The catalogue of 100 plots makes the ritualistic nature of the tradition clearer than even the same kind of settings, sinister cities and asylums run by madmen, in particular, although in Grand Guignol country a visit to a lighthouse or an abandoned villa isn't recommended either.

In a century in which so many terrible things have happened, Grand Guignol seems both more and less shocking than it once did: utterly silly, yet an admiration of what some people will actually do if they are given a chance. It embodies impulses that can't be disregarded, much as one might like to.

John Gross is on the staff of The New York Times.

BEST SELLERS

This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

Table with columns: Rank, Title, Author, Last Week on List, Weeks on List. Includes titles like 'The Sands of Time' and 'The Queen of the Damned'.

NONFICTION

Table with columns: Rank, Title, Author, Last Week on List, Weeks on List. Includes titles like 'The Last Lion' and 'A Brief History of Time'.

ADVICF, HOW-TO AND MISCELLANEOUS

Table with columns: Rank, Title, Author, Last Week on List, Weeks on List. Includes titles like 'The 7-Week Cholesterol Cure' and 'Webster's New World Dictionary'.

World Stock Markets

Closing prices in local currencies, Nov. 22

Table of stock market data for Amsterdam, including columns for stock names and prices.

Table of stock market data for Helsinki, including columns for stock names and prices.

Table of stock market data for Hong Kong, including columns for stock names and prices.

Table of stock market data for London, including columns for stock names and prices.

Table of stock market data for Frankfurt, including columns for stock names and prices.

Table of stock market data for Milan, including columns for stock names and prices.

Table of stock market data for Paris, including columns for stock names and prices.

Table of stock market data for Zurich, including columns for stock names and prices.

Table of stock market data for Toronto, including columns for stock names and prices.

Table of stock market data for Sao Paulo, including columns for stock names and prices.

Table of stock market data for Singapore, including columns for stock names and prices.

Table of stock market data for Seoul, including columns for stock names and prices.

Table of stock market data for Stockholm, including columns for stock names and prices.

Table of stock market data for Sydney, including columns for stock names and prices.

Table of stock market data for Tokyo, including columns for stock names and prices.

Table of stock market data for various international markets including Av Dossant, Dunlop, and others.

Table of stock market data for Tokyo, including columns for stock names and prices.

Table of stock market data for Toronto, including columns for stock names and prices.

Table of stock market data for Sao Paulo, including columns for stock names and prices.

Table of stock market data for Singapore, including columns for stock names and prices.

Table of stock market data for Seoul, including columns for stock names and prices.

Table of stock market data for Stockholm, including columns for stock names and prices.

Table of stock market data for Sydney, including columns for stock names and prices.

Table of stock market data for Tokyo, including columns for stock names and prices.

- ACROSS
1 Probate item
6 Presidential nickname
9 Manhattan problem
12 Porticoes
13 Hindu deity
14 Was on the hook
16 Analyze a sentence
17 Scent
18 "The _____ George Apley"
19 "Honor Thy Father" author
21 Milano movie
22 British carbine
23 Wright's hometown
25 Scrub
26 Four imperial bushwits in England
31 Spread
32 Cruising
34 Flanders flower
38 Kind of twin or calf
40 Used-car deals
42 Small South American monkeys
43 Rumples
44 London art angel
46 One using T.L.C.
48 "My _____ Eileen"
50 Chase
53 Wise _____ owl
57 Undiluted
58 Streisand hit show
61 Lit for a skier
62 V.O.A.'s parent agency
63 Greek theater
66 Paraphrase after Ramesses I
67 Cozy
68 Taul
69 Silence sound
68 Greek resistance org.
70 Bout

Crossword puzzle grid with numbers 1-70.

WEATHER section with columns for EUROPE, ASIA, NORTH AMERICA, AFRICA, LATIN AMERICA, OCEANIA.

DENNIS THE MENACE comic strip panels with dialogue.

JUMBLE word game section with a grid and instructions.

- PEANUTS
A Thanksgiving Story "You turkey!" she cried. "Who's a turkey?" "You, you turkey!"
"Listen to who's talking, you meat loaf!" "I'd rather be a meat loaf than a turkey, you turkey!"
THANKSGIVING STORIES ARE HARD TO WRITE.

BLONDIE comic strip panels with dialogue.

ANDY CAPP comic strip panels with dialogue.

WIZARD OF ID comic strip panels with dialogue.

- BEETLE BAILEY
WHAT'S THAT NOISE?
MISS BUXLEY, TELL THE MEN TO BE QUIET! BE STERN WITH THEM!
NOW YOU GUYS BE QUIET OR I'LL TURN YOU OVER MY KNEE AND GIVE YOU A GOOD SPANKING.

REX MORGAN comic strip panels with dialogue.

GARFIELD comic strip panels with dialogue.

DOONESBURY comic strip panels with dialogue.

- DOWN
1 Viper
2 _____ party
3 Rail
4 On _____ street (rich)
5 African fly
6 March rhythm
7 Character
8 Godden portrayed
8 Rio Grande city
9 Ships' small craft
10 Expect
11 Paris or D.C. subway
13 Lear or Othello
15 Campus V.I.P.
20 An ICBM
24 Elec. units
25 Outlay
28 Part of et al.
27 Undiluted
28 "Peanuts," for one
30 Henley gear
33 Dotted with stars: Her
35 Subdivision chart
36 A Rose
37 North Sea leader
39 Jacob's twin
41 Emerson product
44 Fashion material
47 Spurn
49 Gold bars
50 Kettles, e.g.
51 Brown pigment
52 Lasso
54 River hazard
57 Annapolis letters
58 Nice notion
59 Budget item
60 Missing
64 Recent Comb. form

Solution to Previous Puzzle grid.

DOONESBURY comic strip panels with dialogue.

GARFIELD comic strip panels with dialogue.

SPORTS

UEFA Cup, in Rare Turn as Soloist, Has a Solid Act

LONDON — Those of us who miss the triumph of life's lesser beings are having fun with the UEFA Cup this year.

It is the run of European club competitions, born as a nice little earner for fringe teams not good enough to win championships and national cups.

On Wednesday, the UEFA Cup has the ballroom all to itself. The two grander tournaments are hibernating while the UEFA Cup, with more entrants, whittles itself down to quarterfinal status.

Quantity doesn't necessarily dilute quality as the pairing of Bayern Munich and Inter Milan, the top teams in West Germany and Italy, shows.

of dealing with budding stars of the Bundesliga. Inter Milan has labored to respond to the rigors of coach Giovanni Trapattoni, but his summer imports were bred to such discipline.

All the money ended up with Bayern Munich. Inter bought strength and determination, and Bayern invested in attack; everybody's happy.

The key to their contest might not be how much Matthaus and his former colleagues cancel one another out. It could hinge on Inter goalkeeper Walter Zenga's face mask. That isn't (yet) a new fashion.

Napoli recently hit Pescara for eight goals. Last Sunday it followed up with five against Juventus. In Turin, where Maradona was staged, Teammate Carca scored three times — a demonstration that he remains the deadliest Brazilian marksman and perhaps a riposte to

little Romario, who darts occupy Carca's shirt on the national team and who has begun his move to PSV Eindhoven with five goals in three games.

Juventus, revived by Alexander Zavarov, made a contest of it but ended up a 3-3 loser. Bordeaux may

be so resilient, having been heavily involved in the French defeat against Yugoslavia last Saturday.

Claude Beuz, the Bordeaux president and a central figure behind Michel Platini's installation as selector of the new France, gave his own midfielder, Jean Tigana, no choice but to come out of international retirement to lead the nation.

Tigana, 33, is not what he was. He created an early goal, he fell back on defense and tired drastically as Yugoslavia won, 3-2. Tigana, a silent and possibly reluctant soccer soldier, has four days to recover.

So have Jean-Marc Ferreri, who started but was substituted for in Belgrade; so must Alain Roche, a young and inexperienced defender, and Jean-Christophe Thouvenot, who was slated as being recalled to the French squad but deflated at

not getting into the game. The illusion became delusion. And because of emotional and physical fatigue, Bordeaux might suffer repressions if deserved after its earlier progress.

A draw Wednesday would suit Napoli. Indeed, Italy has four UEFA Cup competitors who are blessed with the advantage of playing the third round's away leg first. They are Napoli, Inter, Juventus (at Lazio) and Roma (at Dinamo Dresden).

West Germany has two other hopes besides Bayern. Cologne travels to the Bundesliga stronghold of Real Sociedad de San Sebastian and Stuttgart, with Inlander Asger Sigrunsson and Yugoslav Srecko Katanec plotting in mid-field, plays in Groningen.

The final match is intriguing: Hearts of Scotland and Velez Mostar of Yugoslavia. Hearts' league form has collapsed, one of the team's co-managers has been fired and the boardroom is split. Yet the Scots scored the only goal to beat Austria Vienna away from home.

For that "irresponsible act" the director (or rather former director), Douglas Park, this week was fined £1,000 (\$1,825). His explanation for locking Syme in, pocketing the key and keeping quiet, was that "feelings were running high" and he thought there was a danger of the referee being assaulted in his dressing room.

Park resigned two weeks ago so that he can attempt a takeover bid for Hearts.

You can look up your daughters, lock up a referee, but these days you can no longer keep a Soviet from going where he will. Wednesday will also be the night Rinat Dassev, the Soviet national goalie and captain, gets his long desired release to capitalism when he joins Sevilla.

The handover beats many of those at the Berlin Wall. As part of the trade, Dassev's club, Moscow Spartak, plays an exhibition in Sevilla. For the first half, Dassev will perform for Spartak; second half, some goal, different jersey — for Sevilla.

After that \$2 million will change hands — 45 percent to the USSR sports committee, 40 percent to Spartak... and five percent to Dorna, the negotiating agency.

Presumably there are a few pesetas earmarked for the world's best goalkeeper somewhere along the way of his contracted two-year sojourn in Spain.



Carca scored a hat trick against Juventus, above, upstaging Diego Maradona, his Napoli teammate.

Celtics Face Life Without Bird

By Anthony Cotton Washington Post Service BOSTON — The horrific truth has been the lead item on nightly newscasts and on newspapers' front pages: Three months, maybe four — no Larry Bird.

It's taken a while for it to sink in that Larry Bird of the Boston Celtics, three times the National Basketball Association's most valuable player, will be sitting out 3 1/2 months after surgery to remove bone spurs on his Achilles' tendon of his right leg.

of I was done. It took me another five minutes to get loose." Bird said he saw three doctors, with at least another three consulting on his case. The most alarming thing, he said, was that the spurs in his right leg had tripled in size from last spring.

It's not alone. Concern has hit the commonwealth. Volk said last Wednesday he did at least five television interviews and when he went to the restroom there was a seventh camera crew waiting outside. A member of the team's public relations office lost his voice in Friday, he said from "responding to people who call and say Larry can cure himself if he hangs upside down from his toenails."

go out and get 30 points, 10 rebounds and seven assists and take over at the end of every game." Bird said, "Now, I've been getting 12 or 14 points, six rebounds and four assists and they've been saying, 'Hey, get off the court, you're hurting us more than helping.'"

Even stacked out each other, none of the other Celtics could approximate Bird's blend of shooting, rebounding, passing and court savvy. "We're going to miss him a lot," said Johnson. "If anyone here suggests otherwise, they're lying."

U.S.-Soviet Drug Pact Is Nearer

MOSCOW — The United States and the Soviet Union have signed a preliminary agreement that could lead to the first drug testing program of their top athletes during training, a Soviet sports official said Tuesday.

are banned by the International Olympic Committee. Portugalov said, adding, "This agreement is open.... We invite any other country to join us in our battle to solve the doping issue in sports."

framework that does not violate athletes' civil rights. Juan Antonio Samaranch, president of the IOC, praised the U.S.-Soviet initiative. "It's very helpful that the national Olympic committees from the United States and the Soviet Union are ready to work together against doping," he said.

It is subject to approval by both nations' Olympic committees. The agreement would be the first major attempt by each country to eliminate the use of such performance-enhancing drugs as anabolic steroids. It would also help to ease athletes' suspicions that their opponents are benefiting from these substances, reducing the feeling that such drugs are needed to compete on an equal basis.

Logistics were not included in the document, but both Pittenger and Gronyko said they envisioned no problems in agreeing on final details and gaining approval by their respective Olympic committees.

Final implementation could hinge on the USOC's ability to solve several key problems, the most difficult of which may be creating an out-of-competition testing

Paris Planning New Stadium The Associated Press PARIS — Mayor Jacques Chirac announced plans Tuesday for a new stadium with a seating capacity of 90,000-100,000. With a site yet to be selected, he said construction would start in 1990 "in view of the World Cup of 1998," referring to the quadrennial soccer tournament.

49ers Dim Redskin Hopes, 37-21 Brent Jones caught an 18-yard pass from Joe Montana to open the scoring and the 49ers went on to a 37-21 NFL victory over Washington Monday night in San Francisco. The 6-6 Redskins fell to fourth in the National Conference East and are in danger of becoming the ninth straight league champion to fail to repeat.



Larry Bird of Boston: "I've lived on the edge for two years...."

SCOREBOARD

FOOTBALL

Table of College Top-20 Rankings with columns for Rank, Team, Record, and Points.

BASKETBALL

Table of NBA Standings with Eastern Conference and Western Conference divisions.

U.S. College Results

Table of U.S. College Results for various sports like Football, Basketball, and Hockey.

New Approach in Brooklyn

NEW YORK — Every director of athletics at any of the schools in the City University of New York will tell you how difficult it is for a city school to gain national prominence in sports.

NFL Standings

Table of NFL Standings for American Conference and National Conference.

NHL Standings

Table of NHL Standings for Wales Conference and Campbell Conference.

Baseball

Table of Baseball Standings for American League and National League.

Baseball Pro Leaders

Table of Baseball Pro Leaders for various categories like Batting Average and Home Runs.



OBSERVER

Gripped by the Grippe

By Russell Baker

NEW YORK — When I feel a cold coming on it's down the hatch with a good nasal decongestant, antihistamine, followed by nodding galore and submission to the anti-whims of a fevered brain.

In this condition, phrases like "nodding galore" spring readily to the lips. What a great name "Nodding Galore" would make for a future star of screen, stage and tube whose career is now languishing on welfare because her real name is Glenda Fitz.

Fancy a mogul telling her, "You will never again be Glenda Fitz, box-office poison, my child. Henceforth you are Nodding Galore, Queen of the Silver Screen."

I see her starred opposite Hodding Carter, the former State Department spokesman, in a sizzling \$40 million grosser with plenty of undressing. See an advertising campaign: "Hodding's back and Nodding's got him."

I mentioned a mogul, and of course nobody knows what a mogul is, right? That's because you were unborn in the age of the moguls. Louis B. Mayer, Jack Warner, Harry Cohn — those were moguls. You probably never heard of Mayer unless you're one of the handful who know what Belgium is and who Abraham Lincoln was. So forget moguls. It's the nasal decongestant, antihistamine raving out of me.

Isn't it strange that millions of people who don't know what a mogul is know about nasal decongestant antihistamine?

Moguls probably didn't have a guess what nasal decongestant antihistamine was, even though they did know about Abraham Lincoln being a hybrid blend of Raymond Massey and Henry Ford.

Konda, kids, was Jane's dad, not an old-fashioned Japanese car. So the nasal decongestant antihistamine stops your nose and eyes from emitting water while you're in the grippe of a cold.

It works by attacking the brain's water-control center, which is located perilously close to the good-judgment lever. When its powerful decongestant antihistamine molecules overflow onto the good-judgment lever, phrases like "in the grippe of a cold" occur.

The water cannot be shut off, of course, or the body will fill up, then overflow and make a mess of the downstairs apartment.

That water has to come out someplace, and if it's diverted from the eyes and nose it is probably going to come out around the neck and shoulders. This accounts for the moist, clammy feeling that occurs in the upper torso.

All that's happening is that the water, prevented by the decongestant antihistamine from running off through the eyes and nose, is taking an alternate outlet.

I mentioned Glenda Fitz "languishing on welfare," and many of you will ask if Glenda Fitz is the notorious Welfare Queen.

It is a measure of nasal decongestant antihistamine's power to enlarge the brain that I even mention the Welfare Queen, for you are sure to be outraged when I declare that I do not believe in the Welfare Queen, no matter how famous President Reagan has made her and her new Cadillac taking her to buy whiskey with some of her fat welfare checks.

Confessions like that couldn't be made except with the overflowing decongestant antihistamine molecules pressing on the brain's good-judgment lever, because my folks, you see, almost all believe in the Welfare Queen.

Yes, they used to be poor, and now that they're eating high on the hog they like to think that con women disguised as paupers are cunningly taking the ribs right off their hogs. Sundays when I argue politics with the folks I never have the nerve to say, "Come on, folks: only people who talk to the Tooth Fairy and the Easter Bunny take Reagan's Welfare Queen as gospel."

The reason I'm uneasy about saying that is, I think of my folks as folks, and I want them to think of me as folks, too, and I'm fairly sure they wouldn't rank anybody as folks who didn't believe in the Welfare Queen.

Which brings us to the question, what are folks, when you get right down to it? Speaking their folk wisdom, listening to their folk music, uttering their folk phrases like "when you get right down to it" — just who are folks anyhow?

If this cold hangs on, I'll take some more nasal decongestant antihistamine and look into this business with Nodding Galore.

New York Times Service

Virgil Thomson's Words and Music

By Michael Field

NEW YORK — He was wearing an overcoat against the November chill. Sitting in the corner of the sofa in the drawing room of his apartment at the legendary Chelsea Hotel, Virgil Thomson looked a little fragile.

But the eyes were as sparkling as ever, the mind and memory unaged. Humour still bubbled up in his comments on life and music, as sharp and devastating as his "saturation" of the New York Philharmonic in his first review as music critic of the New York Herald Tribune in 1940, a post he held for 14 years.

He will be 92 on Friday. More than half a century ago "Four Saints in Three Acts," an opera he wrote on a text by Gertrude Stein, made artistic history in the United States and France. Earlier this year, a selection of his letters was applauded on both sides of the Atlantic. Next spring, Yale University Press will publish "Words and Music," a book he says he should have written years ago, on setting English to music.

Despite deafness, overcome for conversation through a hearing aid, Thomson can still write music but "can't hear it right. It's off pitch." Recently he has been writing "little portraits and things." Musical portraits are an invention of his and there are over 150 of them, analyzed in a book by Anthony Tommasini, a Boston musicologist, in 1983. Thomson is now writing a general volume "Life and Works." Tim and Vanessa Page, editors of his letters, are also preparing a reissue of his articles from the Herald Tribune.

"I'm not working on any enormous opera. You never know what's going to come next, but those things go on," Thomson said.

The new book, "Words and Music," chapters of which will run before publication in The New York Review of Books and in Grand Street, an intellectual quarterly, is in a subject he lectured about in war-shattered France in 1945.

"It tells you how to make it work, in English, with quotations from every language... It's a very interesting book, with lots of material that isn't elsewhere available. There are 30 musical illustrations from classical music mu-



Michael Field

Musical taste is "like women's styles. Short skirts are selling one year and long ones another."

What I particularly remember about "Four Saints," it happened in New York and Paris, was that the literary people all said of course Gertrude is thoroughly silly, but the music is divine. And the musical people said "Gertrude is heavenly poetry but the music is not to be considered," he said.

On changing musical tastes: "It's like women's styles. Short skirts are selling one year and long ones another. After all, year after year, women wear pants and skirts and shirts."

On the state of musical composition today: "Boulez is a very brilliant musical mind, Stockhausen will do. The best of those boys is Hans Werner Henze. Germany has music. But it's all pretty serious. German sentiment is pretty hard to sell these days. Paris is quiet. It's quiet in England since Benjamin Britten's death, though there's a whole batch of slightly younger composers in Cam-

bridge, pupils of Professor [Alexander] Goehr."

What Philip Glass? "Mr. Glass is the most successful composer in the world. We were on a program together in Lawrence, Kansas, and we fraterized very nicely and his troupe played my music as well as his. He pays me compliments. He keeps telling me that after all I started this whole simplified business with "Four Saints" and I said that that's all right we're in the same business. You write operas in Sanskrit and I wrote them in Gertrude Stein."

On the origins of his "simple" style: Working with Gertrude Stein led Thomson to drop essays in 20th century dissonance (like his "Sonata da Chiesa" of 1926). "Gertrude herself is so obscure, willfully obscure, that you didn't want to add obscure music to it. You just wanted to add something that it run along like a railway train."

Michael Field, who has known Virgil Thomson since 1953, is former Paris bureau chief of The Daily Telegraph of London.

PEOPLE

Buchwald Sues Studio On Eddie Murphy Film

The columnist Art Buchwald is not laughing; he is suing Paramount Pictures for \$5 million, accusing it of "brazen misappropriation" of an original idea, Alain Berman, and a movie producer, Alain Berman, contend that Paramount's "Coming to America," which starred Eddie Murphy as an African prince who comes to New York and works as a janitor in a fast-food restaurant while searching for a bride, is based on Buchwald's "King for a Day." He sold the project in 1983 to Paramount as a vehicle for Murphy, but the studio let its option lapse. "I'm not doing it for the money," said Buchwald, whose column is syndicated in 550 newspapers. "I'm doing it for the little guy who gets beaten up by the big guy. And if you believe that... Buchwald's suit is the third one alleging that the idea for the film was cribbed. Paramount declined to comment.

Prince Charles is taking his campaign for more sensitive building design into the book stores with the publication in March of "A Vision of Britain, A Personal View of Architecture." Royalties from the book, based on the Prince of Wales's recent television program, will be given to his Charities Trust along with a \$543,000 advance.

A judge in Memphis, Tennessee has dismissed an inheritance claim by Deborah Delaine Presley, who claimed she was Elvis Presley's daughter. In an affidavit, the woman's mother, Barbara Jean Young, said she spent four days with Presley in 1955 at a mobile home. The affidavit said Miss Presley was born nine months later.

David Harris' "The Secret Rapture," a new play due off-Broadway in May, was named best play, and a revival of the musical "South Pacific" was named best musical of 1988 by Drama Magazine, published quarterly by the British Theatre Association. Acting awards went to Pauline Collins as best actress, and in a tie vote for best actor, to Alex Jennings and Tom Wilkinson. Vanessa Redgrave was named best supporting actress. Best supporting actor went to Peter Lindford. Best director went to Peter Brook, the Paris-based British director, for his staging of "The Mahabharata."

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